Daily Report

Latin America

FBIS-LAT-95-018
Friday
27 January 1995

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Daily Report
Latin America

FBIS-LAT-95-018 *27 January 1995*

CONTENTS

INTER-AMERICAN AFFAIRS

Rio Protocol Guarantors Back Peru, Ecuador Talks *[Madrid EFE]* 1
Uruguay's Abreu Sees 'Difficulties' in Integration *[TELAM]* 1
Caribbean Community, Chilean Ministers Meet on Ties *[CANA]* 1

CARIBBEAN

Cuba

Alarcon Comments on Talks With U.S. Upon Return *[Havana Radio]* 3
Ministry: Group Voluntarily Returned From Guantanamo *[PRENSA LATINA]* 4
New U.S. Congress, Efforts To Intensify Embargo Viewed *[PRENSA LATINA]* 4
Robaina Meets With Japanese Foreign Minister *[PRENSA LATINA]* 5
Fidel Castro's Mexican Newspaper Interview Cited *[Havana Radio]* 5
Lage Attends World Economic Forum *[Havana TV]* 6
Colombian Delegation Meets Acting Foreign Minister *[PRENSA LATINA]* 6
Agroindustrial Complexes Experience Sugarcane Shortage *[Havana Radio]* 6

Bahamas

Territory, Repatriation Discussed With Cuba *[Nassau Radio]* 6
Voluntary Repatriation of Haitians Begins *[Nassau Radio]* 7
Many Defense Force Boats To Be Decommissioned *[CANA]* 7

Cayman Islands

More Cubans Transferred to Guantanamo *[CANA]* 8

Haiti

Justice Minister, State Secretary Appointed *[Port-au-Prince Radio]* 8
Legislative Activity Over Budget, Electoral Law Reported *[Port-au-Prince Radio]* 8
Prime Minister Views Upcoming Paris Sponsors Meeting *[Port-au-Prince Radio]* 9
27 Guantanamo Refugees Taken to U.S. 19 Jan *[Port-au-Prince Radio]* 10
Refugees Recall Dominican Abuses During Repatriation *[Port-au-Prince Radio]* 10

MEXICO

Ortiz Discloses IMF Loan, Views Emergency Program *[Mexico City Radio]* 11
Further on IMF Agreement *[Mexico City TV]* 11
Expenditures Budget To Be Cut by 20 Billion Pesos *[NOTIMEX]* 11
Accord Requires Informing Congress of Loan Conditions *[Mexico City TV]* 12
Zedillo: Congress Must Share in Decisions *[Mexico City Radio]* 12
Senators Cited on Letter of Intent With U.S. *[Mexico City Radio]* 13
PRD Issues Resolution on Economic Crisis *[LA JORNADA 24 Jan]* 14
Senate Approves Private Participation in Railroads *[NOTIMEX]* 16
Navy Commander Remarks on Troop Increase at Chiapas Border *[LA JORNADA 24 Jan]* 17
Government Hails Advances, Proposals on Tabasco *[NOTIMEX]* 17

CENTRAL AMERICA

El Salvador

Demobilized Army Members Leave Government Offices *[San Salvador Radio]* 18
Calderon Views Army's Actions *[San Salvador TV]* 18
Corado Discusses Actions *[San Salvador TV]* 18
Human Rights Commission Reports Little Progress *[San Salvador TV]* 19
Court Reissues Warrant for Alleged Killer of U.S. Soldier *[EL PANAMA AMERICA 25 Jan]* 19
Duque Criticizes Ruling *[LA PRENSA 26 Jan]* 19
Accused Killer Turns Self In *[Panama City TV]* 20
Commerce Minister Views U.S. Proposal To Join GATT *[Panama City TV]* 21
New Cuban Envoy Comments on Relations, Rafters *[Panama City TV]* 22
Report Finds No Justification for Detaining Coup Plotters *[Panama City TV]* 22

SOUTH AMERICA

Bolivia

President: Narcotics Menaces State Structure *[La Paz Radio]* 24
Accused Trafficker Fights Extradition to U.S. *[La Paz TV]* 24

Brazil

Cardoso's Popularity Declines Over 'Lucena Effect' *[O ESTADO DE SAO PAULO 26 Jan]* 25
Operation Rio Forces Traffickers To 'Diversify' *[O GLOBO 26 Jan]* 25
Editorial Urges Police Action *[JORNAL DO BRASIL 26 Jan]* 26
Pareci Indians Kill 2 'White Men' in Mato Grosso State *[AGENCIA ESTADO]* 26
Correction to Church Leader Views Catholic Network 27

Chile

Insulza: U.S. Court Ruling on Grapes Case 'Unfortunate' *[Santiago TV]* 27
Canadian Prime Minister, Delegation Continue Visit 27
Minister: Country 'Ready' To Join NAFTA *[Madrid EFE]* 27
Frei, Chretien Hold News Conference *[Santiago TV]* 28

Colombia

Prosecutor General Assesses Talks With U.S. *[Santa Fe de Bogota Radio]* 28
Botero: Trafficking on Decline in San Andres *[EL TIEMPO 14 Jan]* 29
'Operation Neblina' Nets 197 Tons of Chemicals *[EL TIEMPO 15 Jan]* 29

Ecuador

Foreign Minister Concedes Protocol With Peru Valid *[AFP]* 30
Duran-Ballen Views Border Dispute With Peru *[Madrid EFE]* 30
Duran-Ballen, Fujimori Discuss Dispute *[NOTIMEX]* 31
Ecuador Confirms Clash *[Hamburg DPA]* 31
Army Chief: Peruvian Military Intercepted *[AFP]* 31
Armed Forces Joint Command Issues Bulletin *[Quito Radio]* 32
Communique: Army Ready, Willing *[Madrid EFE]* 32
Congress Suspends Legislative Sessions *[Quito Radio]* 32
Council, Forces in Permanent Session *[Quito Radio]* 32
Committee Appeals for Unity *[Quito Radio]* 32
Deputy Describes Situation *[Quito Radio]* 33
Ambassador Rules Out OAS 'Intervention' *[Madrid EFE]* 34
Education Minister Suspends Classes *[Quito Radio]* 34
Macara Civilians Evacuated *[Madrid EFE]* 35
General Explains Situation *[AFP]* 35

Minister Rejects 'False' Peruvian Communique *[Quito Radio]* 36
Answers Questions on Border Dispute *[Quito Radio]* 36
Government's Macroeconomic Program Analyzed
[EL COMERCIO MARTES ECONOMICO 3 Jan] 37

Paraguay

President Announces Military Moves, Retirements *[Asuncion TV]* 39

Peru

Fujimori: Armed Forces 'Alert' After Border Incident *[Lima Radio]* 40
Defense Minister Denies State of Alert *[Lima Radio]* 40
Foreign, Defense Ministers View Incident *[Madrid EFE]* 40
Communique Denounces Attack *[Lima Radio]* 41
Guarantors Asked To Help Fulfill Treaty *[Madrid EFE]* 41
Ecuadoran Officials Report Clashes in Ecuador *[Madrid EFE]* 42
Fujimori Chairs Defense Council 'Special Meeting' *[Lima Radio]* 42
Congressman: 'Domestic' Feud Behind Ecuadoran Actions *[Lima Radio]* 42
Troops Said Deployed to Border Region *[AFP]* 43
Military, Police Remain in Barracks *[Lima Radio]* 43
'Normal' Situation Reported *[NOTICIAS ARGENTINAS]* 43
Border Traffic 'Normal' *[Lima Radio]* 43
'Unusual Deployment' of Troops Departs *[Lima Radio]* 43

Venezuela

Issuance of Monetary Bonds Scheduled for 27 Jan *[Caracas TV]* 44
Mexico Said Considering Granting Tariff Preferences *[EL UNIVERSAL 22 Jan]* 44

Rio Protocol Guarantors Back Peru, Ecuador Talks

PY2601201695 Madrid EFE in Spanish 1624 GMT 26 Jan 95

[FBIS Translated Text] Brasilia, 26 Jan (EFE)—The guarantor countries of the Rio de Janeiro Protocol of 1942, which established the boundaries between Ecuador and Peru and which was later declared null by Ecuador, today released a communique urging the two countries to continue to hold talks and to avoid the aggravation of tensions.

The communique, issued by the governments of Argentina, Brazil, Chile, and the United States, was drafted last night by their respective diplomatic representatives during a meeting held at Itamaraty Palace, the seat of the Brazilian Foreign Ministry.

The meeting, which was chaired by the Brazilian vice foreign minister, focused on the incidents reported in the border conflict area.

Herewith the text of the communique:

"The guarantor countries of the Rio de Janeiro Protocol of 1942—Argentina, Brazil, Chile, and the United States of America—met on 15 January 1995 at Itamaraty Palace in Brasilia. At that time, they examined the recent developments and incidents that occurred on 9 and 11 January at the border between Ecuador and Peru.

"In keeping with their special responsibility and interests, the guarantor countries hereby urge the signatories of the Rio de Janeiro Protocol to continue to hold a dialogue to avoid tensions in the area in question and to pave the way for a lasting solution to this issue.

"Highlighting the progress made in recent years in the talks between the two signatories, the guarantor countries note with satisfaction the publicly stated disposition of Ecuador and Peru to give preference to a peaceful solution.

"In their effort to preserve continental peace and the principles of inter-American coexistence, the guarantor countries reiterate their offer to contribute as adequately as possible to helping expeditiously overcome the frictions provoked by the current situation."

Uruguay's Abreu Sees 'Difficulties' in Integration

PY2601230395 Buenos Aires TELAM in Spanish 1920 GMT 26 Jan 95

[FBIS Translated Excerpt] Montevideo, 26 Jan (TELAM-SEM)—Uruguayan Foreign Minister Sergio Abreu today acknowledged that there are difficulties and differences between the Mercosur [Common Market of the South] member countries and Chile in the seeking of a free trade agreement.

"The dissimilar tariff policies are the main obstacle that has to be overcome in the integration process between Chile and the Mercosur (Argentina, Brazil, Paraguay, and Uruguay)," Abreu said.

Representatives of the five countries met on 23 and 24 January in Montevideo in order to negotiate agreements, "but there has been very little progress," the spokespersons of the meeting stressed.

"Chile is the only country in the region that is in a position to become a member of the Mercosur, but there are technical impediments to this that are making the rapprochement difficult," the Uruguayan foreign minister said.

The tariff protection that is currently in force for trade between Argentina, Brazil, Paraguay, and Uruguay ranges from 0 to 20 percent, while Chile's tariff on imports is a maximum of 11 percent. [passage omitted]

Caribbean Community, Chilean Ministers Meet on Ties

FL2701005195 Bridgetown CANA in English 2203 GMT 26 Jan 95

[FBIS Transcribed Text] Georgetown, Guyana, Jan. 26, CANA—Foreign ministers from the 13-member Caribbean Community (Caricom) and Suriname Thursday met their counterpart in the Chilean capital, Santiago at the start of a three-day meeting aimed at strengthening links between the region and Chile. The meeting which ends on Saturday, follows a series of consultations ending with a visit last year to the Georgetown-based Caricom Secretariat by the Chilean Agency for International Co-operation.

"The meeting is going to look at a list of some very specific activities in the areas of forestry, agro-industry, irrigation and a number of other areas including enhancing Spanish language competency in Caricom at the official level," Caricom spokesman Wesley Gibbings told CANA Thursday. Finding sources of funding for the facilitation of these activities will be the responsibility of the Caricom Secretariat and the Chilean Agency for International Co- operation, Gibbings said.

In the area of forestry, a series of workshops will evaluate a number of forestry projects, forestry policies and legislation in the region, and a number of other issues related to timber management, farmers' organisations and the transfer of forestry technology. The meeting will also pay special attention to the processing and transportation of agro-products.

"The area of irrigation is being looked at in collaboration with the faculty of agricultural engineering of a Chilean University and the University of the West Indies, CARDI, (Caribbean Agricultural Research and Development Institute) and other regional institutions," the Caricom spokesman said.

A number of workshops are also featured during the three-day meeting dealing with planned parenthood,

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

child nutrition and diplomatic training, export promotion and the management of international cooperation. "It is envisaged that these activities will be covered over the period '95 to 1996," Gibbings added.

The Caricom official said the summit will place special emphasis on follow-up activities to the recent Summit of the Americas held in Miami, Florida, and ways in which co-operative action can be taken between Caricom on implementing the plan of action that came out of the summit.

Gibbings noted that the whole issue of Chile's acceptance to the North American Free Trade Area (NAFTA) will be discussed at the meeting, especially by those Caricom countries like Trinidad and Tobago which have expressed an interest in seeking access to NAFTA.

The foreign ministers attending the Santiago conference will also look at the hemisphere's preparation for the United Nations sponsored Copenhagan world summit on social development in March and the Beijing conference on women and development to be held later in the year.

The current initiative with Chile finds its genesis in 1984 in Bahamas when it was decided by Caricom heads that a concerted effort should be made to strengthen the bonds between the Caribbean and Latin America. Since then, a number of significant developments have taken place including the formation of the Association of Caribbean States (ACS).

The Caribbean's two top public servants, Caricom Secretariat General Edwin Carrington and his deputy Dr. Kenneth Hall, are also attending the conference.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cuba

Alarcon Comments on Talks With U.S. Upon Return

FL2601183895 Havana Radio Rebelde Network in Spanish 1255 GMT 26 Jan 95

["Statements" by Ricardo Alarcon, president of the National Assembly of the People's Government, at Jose Marti International Airport on 25 January on his return from New York; from the "Doing Radio" program—recorded]

[FBIS Translated Text] [Alarcon] I believe that both sides agreed that the discussions were open and positive. Generally speaking, we could say that the agreement is working. We are progressing, things are returning to normal, last year's situation has completely disappeared. The United States is beginning to issue a regular number of immigration visas, which should amount to approximately 26,000 visas by the end of 1995. Compliance with the agreement is therefore going well despite some problems we are discussing.

Fundamentally, we insisted on two issues:

The use of the Guantanamo base was addressed. Some people were allowed to enter the base, while others are leaving for the United States from the base. This could lead to a change in the basic premises of the agreement, besides the fact that the base is, of course, land taken illegally, which does not have immigration purposes, does not .... [pauses] Additionally, the old 1903 agreement, which the United States uses to justify their presence in that part of Cuba, states that the land is to be used exclusively as a naval base. Things that have been done there recently do not comply with that outdated accord that was imposed on Cuba at the turn of the century.

In addition, the situation of minors who were taken without the consent of one of their parents was discussed. This ignores the custodial rights of both parents, and is a very complex topic. It is very complex because, unfortunately, there is some experience in this issue. The U.S. courts have always ruled against the father who resides in Cuba, but we think this is a case of principle. This is a right upon which we should insist.

With regard to the children, the United States understands the importance of the issue and while we were discussing this with the administration, the executive branch of the U.S. Government, they were aware of the legal and technical difficulties they face. We maintain contact on the issue and I suppose that we will continue to exchange information on this issue which will allow treating these cases in a—I hope—successful manner. It is very hard and complicated, especially bearing in mind the previous attitude of the United States and the State of Florida's leadership, which—as we know—face an atmosphere of pressure.

Fundamentally, there are no differences between Cuba and the United States. I think the United States has the clear intention of not allowing a regression to the past. They will not allow illegal immigration again from Cuba or from anywhere else. In the United States, right now, one of the main issues is precisely that: What measures and actions should be taken to end illegal immigration or undocumented immigration of those people who are trying to enter the United States, especially from Latin America. These people have not been allowed entry by the United States. This is perhaps one of the most important issues in the United States, right now. There are very negative tendencies around this issue. There are tendencies that are—quite frankly—discriminatory. They pursue immigrants; things like 187 in California, and others. Right now, even some Republicans are talking about taking social services away from even the legal immigrants. Just imagine, a society where they can openly discuss negating social security, education, and health care to people who reside legally, but who are foreigners. In that framework, just imagine what kind of reception awaits those who are trying to enter illegally!

In this context, the accord that we have signed corresponds with U.S. national interest, therefore, their aspiration for the accord to be respected is logical. In Cuba's case this accord, together with ending illegal immigration attempts, offers flexible and broad possibilities [pauses] a compromise which we can verify as we have just done now. I can confirm now that they are going to give out 26,000 visas up to September of this year. Other countries cannot say this, they have not received the same level of commitment.

[Unidentified speaker] Is there any idea of the number of rafters who will go to the United States from to Guantanamo and Panama?

[Alarcon] The rafters have several options. They can return to their homes and go through the procedures—just like everyone else—stay there indefinitely, or—a favor that the United States is doing the rafters—go to a third country that will accept them. I think that some will be going to Spain and others have gone to Venezuela. There are exceptions, based strictly on humanitarian reasons. There are cases which the Cuban and the U.S. Governments consider justified—minors, old people, or those who are sick. Both governments agree that they should not continue in military facilities, which are not appropriate for those cases, however, both governments agree that the solution given to these cases must be done in a manner such that no one will be so dumb as to think that they are modifying their policies by admitting old people, children, or sick people. This must be quite clear. This is a solution that must be taken due to the delicate situation that some people face, but in no way should it serve to inspire actions or situations that would place children, old people or sick people in a deplorable state, from a humane point of view.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Ministry: Group Voluntarily Returned From Guantanamo

PA2601234195 Havana PRENSA LATINA in Spanish 1818 GMT 26 Jan 95

[FBIS Translated Text] Havana, 26 Jan—The Cuban Foreign Ministry reported today another group of Cubans detained by the U.S. authorities at Guantanamo Naval Base has returned home after voluntarily requesting to do so.

Foreign Ministry Spokesman Miguel Alfonso said on Tuesday a special flight brought 45 people back to Havana.

With the arrival of these people, 466 Cubans have returned home after illegally migrating from the country in previous months and being picked up in international waters by U.S. ships that took them to that military base, Alfonso said.

Meanwhile, approximately another 700 people left that site of detainment by their own means, even risking their lives, and returned home in that manner, the Foreign Ministry official added.

Answering another question by foreign correspondents, Alfonso said Cuba and Russia are still preparing for a joint analysis later of the trade protocol draft for this year.

In addition to the traditional exchange of sugar for petroleum, one does not rule out that this document will include trade of other items and various modalities in these types of relations, he concluded.

New U.S. Congress, Efforts To Intensify Embargo Viewed

PA2701031795 Havana PRENSA LATINA in Spanish 1235 GMT 22 Jan 95

["Exclusive" article by PRENSA LATINA contributor Nicanor Leon Cotayo: "What Can Cuba Expect From the Blockade in 1995?"]

[FBIS Translated Text] Havana—The new U.S. Congress took office on 3 January, this time dominated by the Republicans with the presence of certain prominent right wing individuals who fill some of the most important positions in Congress.

Most media commentaries have coincided in reporting that this is the beginning of a new stage in the nation characterized by the rise of conservative thought in the heart of U.S. society, particularly in Congress.

In that context, President Clinton, as part of his strategy aimed at trying to save his political future, is trying at least for now to avoid clashes with the new majority in the capitol, including aligning himself with some of their proposals.

It is normal today to hear talk in Washington legislative circles on the possibility of implementing drastic cuts to social programs, on increasing the nation's military budget once more, and cutting financial assistance to other nations.

It has also become normal today to hear talk, among other things, of the Republicans' intention to stop government aid to unwed mothers under 18 years of age and to limit the government's unemployment compensation to 24 months.

That manner of thinking is also evident in the aggressive rejection by a considerable number of the current Republican congressmen of foreigners who arrive in the United States in one way or another to live there.

In addition, attacks against Cuba were not lacking. These attacks were led by the new chairman of the Foreign Relations Committee, North Carolina Senator Jesse Helms, who has never disguised his warm affection for Chilean General Augusto Pinochet.

Helms has said efforts to end the Cuban revolution are being doubled, has announced he will strive to convert the blockade into a worldwide siege against the island, and has defended the need to draft a plan that will allow the running of Cuba's affairs in the "post-Castro" era.

According to what this Pinochet admirer wrote in a letter sent to Miami which was leaked to the media, Argentine President Carlos Menem and his Salvadoran colleague, Armando Calderon Sol, are the individuals who are most inclined to help "raise a consensus" among the American nations against the Cuban Government.

As may be remembered, in the recent regional meeting which Clinton convened in Miami, dubbed the Summit of the Americas, various media sources referred to the much publicized letdown Menem experienced in the heart of the forum when only Calderon Sol seconded his proposals against Cuba.

Under these circumstances, the Cuban extreme right in Miami has reported it has started a campaign aimed at further intensifying the blockade against Cuba, with a prime interest in continuing to prevent international financial organizations from lending any type of aid to the nation.

Republican Representative Lincoln Diaz-Balart occupies an eminent position in this crusade. Diaz-Balart introduced in the House of Representatives on 18 January four bills that even recommend prohibiting the entry into the United States of foreign businessmen who conduct business with Cuba.

Miami radio stations reported almost at the same time that Jorge Mas Canosa, leader of the National Cuban-American Foundation, flew to Washington with a group of his men to meet with leaders of House and Senate committees to "increase pressure against Fidel Castro's government."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

As is well known, Mas Canosa had previously sent letters to foreign ambassadors accredited in Washington threatening to take reprisals against those individuals in their respective nations who have dared to conduct business with Cuba.

Moreover, the radio broadcasts financed by the U.S. Government and controlled by the neo-annexationist sector of Miami give priority to the issue of a more encompassing blockade and repeat the argument that this is the best way to strike the Cuban revolutionary process a deadly blow.

Diaz-Balart, whose bills are basically aimed at businessmen investing in Cuba, has told the media the new U.S. Congress will fight to increase economic sanctions against the small Antillean island with the help of a number of influential colleagues who are "now in key positions."

Upon hearing of this process, any half civilized, rational person would at least become alarmed by such nonsense against the people of the world and everything legally established on this planet.

Legislative bills that are a slap in the face of the international community's position have been the response to the three successive UN General Assembly resolutions against the blockade. Likewise, coarse threats and disrespectful and insulting diatribes against the business men have been the response to the totally legal relationship between the Cuban market and businessmen from Latin America, Canada, Europe, and other nations.

These investors are not ideologically agreeing with the island's rulers. They are merely adhering to the rules and the economic space allowed them by an economic model that has shown them it is acting in earnest but at the same time refuses to be enslaved by gangster type factions that have not the slightest legal or moral right to do so.

It is interesting to observe the fact that the same individuals who attack Cuba because it does not embrace the market economy as required by the United States are the same people who are trying to frighten capitalists away from taking that same course in Cuba.

Of course, neither the Neanderthal-minded congressmen in Washington nor the neo-annexationist minded Cubans in Miami demonstrate any strength with these actions. On the contrary, they reveal the growing fears inspired by a Cuba that is slowly overcoming the current economic crisis that began affecting it in 1990.

From a distant perspective, these initial skirmishes serve as a warning knell to a small and rebellious Caribbean nation regarding the outlook of the U.S. blockade in 1995.

Robaina Meets With Japanese Foreign Minister

PA2601155895 Havana PRENSA LATINA in Spanish 1313 GMT 26 Jan 95

[FBIS Translated Text] Tokyo, 26 Jan (PL)—Cuban Foreign Relations Minister Roberto Robaina spoke with Japanese Foreign Minister Yohei Kono today in this capital about bilateral relations and other issues of mutual interest.

Robaina, who arrived in Japan yesterday on the first leg of his six-nation Asian tour, also explained to Kono about the recent reorganization of the Cuban cabinet, according to information provided by Cuban Embassy sources.

The foreign minister delivered a letter of condolence from Cuban President Fidel Castro addressed to Japanese Prime Minister Tomiichi Murayama for the victims and damage caused by the earthquake that hit the country's western region, killing more than 5,000 persons.

Robaina also met today with several Japanese deputies whom he had promised to give an account of the legislative modifications implemented in Cuba over the last decade.

The foreign minister is scheduled to meet with intellectuals, business representatives, and other Japanese personalities to discuss issues related to the situation on that Caribbean island.

As part of his hectic agenda, Robaina will give a news conference tomorrow at the Cuban Embassy in Tokyo.

On Saturday he will travel to the People's Democratic Republic of Korea on the second leg of his tour, which also includes Thailand, Nepal, China, and the Philippines.

Fidel Castro's Mexican Newspaper Interview Cited

FL2701031495 Havana Radio Rebelde Network in Spanish 1800 GMT 26 Jan 95

[From the "National Radio News"]

[FBIS Translated Text] Commander in Chief Fidel Castro has told Mexico's EL SOL newspaper that there is no need for Cuba to implement any new social changes, stressing that social changes which have already been implemented must continue and that the Revolution's social accomplishments must not be forgotten during the special period. Fidel Castro explained that the reform and economic adjustment that has been implemented has allowed Cuba to weather, survive, and continue to develop under the exceptional circumstances of this unipolar world.

Fidel Castro said that the economic opening is very broad, noting that joint enterprises are functioning well and have been very successful. Fidel Castro pointed out that we did not have any other recourse—without the participation of foreign investment in Cuba's development, that is what this is all about—now that we no longer receive credits or any other type of cooperation from either the Soviet bloc or the USSR.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Fidel Castro also pointed out that the Chinese have treated Cuba very well, that foreign investment in Cuba continues, and that we see these investments as an important source of income for Cuba's development. Fidel Castro added that we did not have any other alternative.

Fidel Castro also discussed during the EL SOL interview the U.S. blockade's effects on Cuba's economy, stressing that it is one of the most rigorous blockades ever conceived.

Lage Attends World Economic Forum

FL2701031995 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 27 Jan 95

[From the "NTV" newscast]

[FBIS Translated Text] Carlos Lage, Council of State vice president, is representing Cuba at the World Economic Forum, which opened in Switzerland today. This is the first time that Cuba has attended these meetings, which were inaugurated in 1971 with the participation of government and business leaders. Lage will explain the Cuban strategy to the 1,300 participants in the hopes that it will minimize the U.S. blockade's effects. French President Francois Mitterrand denounced the blockade in Paris today, describing it as stupid and demanding that it end.

Colombian Delegation Meets Acting Foreign Minister

PA2701094495 Havana PRENSA LATINA in Spanish 1642 GMT 26 Jan 95

[FBIS Translated Text] Havana, 26 Jan (PL)—The Colombian Senate delegation visiting Cuba was welcomed today at the Foreign Ministry by acting Foreign Minister Jorge Bolanos.

The senators, headed by Senate President Juan Guillermo Angel Mejia, discussed bilateral issues with Bolanos and briefed him on their visit as guests of the Cuban Assembly.

In his talks with the Colombian senators, Bolanos informed them of the characteristics of Cuba's foreign policy and expansion of ties with other Latin American and Caribbean nations.

Bolanos, likewise, emphasized the importance of reactivating the Nonaligned Movement in the international arena and had high words for the preparations Santa Fe de Bogota is making for that organization's upcoming summit, scheduled for October of this year.

Angel Mejia, in turn, underscored Colombia's permanent solidarity with the Cuban people and the importance his country attaches to the technical cooperation already underway between the two countries.

Cuba has had the strength and integrity to persevere in its internal political system despite the difficulties, and we are convinced its projection is forward looking and clear, with a quickening pace regarding the economy, he added.

Speaking with PRENSA LATINA following the meeting, Angel Mejia thanked the Cuban people for the kindness and generosity extended to the delegation throughout its stay.

Angel Mejia stressed the positive significance of their bilateral commercial and cultural relations and expressed confidence in the role Colombia can play in helping Cuba out of some of its material difficulties, while Cuba can help Colombia overcome some of its social problems.

In conclusion, Mejia felt the path for mutual cooperation to be well paved; thus, it becomes necessary to improve on it in the immediate future.

The delegation also met today with Higher Education Minister Fernando Vecino Alegret and toured the historic center of Havana, where they were greeted by City Historian Eusebio Leal.

Agroindustrial Complexes Experience Sugarcane Shortage

FL2701032895 Havana Radio Reloj Network in Spanish 2035 GMT 26 Jan 95

[FBIS Translated Text] A number of agroindustrial complexes are experiencing a sugarcane shortage at a key period in their operations. There are different reasons for the shortage, including the effects of rain and humidity that accompanies cold fronts on the sugarcane, the breakdown of combines and lifts, and difficulties in the distribution of the sugarcane. The latest reports indicate that Camaguey is one of the provinces most affected by the breakdowns: Interruptions in the grinding process in that province are significant. The main problem involves the KTP combine engines. The provincial sugar workers' union has called on its affiliates to work harder to overcome the delays in grinding.

Bahamas

Territory, Repatriation Discussed With Cuba

FL2501150895 Nassau Bahamas Radio Network in English 1230 GMT 25 Jan 95

[FBIS Transcribed Text] Minister of Foreign Affairs, the Honorable Janet Bostwick briefed Prime Minister the Right Honorable Hubert Ingraham and members of the cabinet yesterday on details of discussions with Cuban officials recently. Mrs. Bostwick, along with officials of the ministry of foreign affairs, were in Cuba for six days of negotiations with the Cuban government on territorial matters and repatriation of Cubans living in the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Bahamas. Details of the mission to Cuba were not made public. The mission was described as successful. Charlene Ferguson reports:

[Begin recording] [Ferguson] Primary among the issues discussed between the two countries were the repatriation of over 300 Cuban refugees detained here in the Bahamas at the Carmichael (?Road) Detention Center and [word indistinct] Prison. During a press conference yesterday, Prime Minister the Right Honorable Hubert Ingraham outlined another issue of vital importance to both countries:

[Ingraham] I know we have this principle that each state has a 200-mile economic zone that stretches out from the border. Cuba would be in the Bahamas and the Bahamas would be in Cuba if that were allowed to continue. The states have come up with what they call a median line wherein they draw a line between two states [words indistinct].

[Ferguson] Earlier today the delegation, led by Minister of Foreign Affairs the Honorable Janet Bostwick, met with cabinet officials to discuss the results of their visits. Details of the new agreement are scheduled to be released soon. [end recording]

Voluntary Repatriation of Haitians Begins

FL2501151895 Nassau Bahamas Radio Network in English 1230 GMT 25 Jan 95

[FBIS Transcribed Text] All Haitian nationals in Nassau who have registered for voluntary repatriation to Haiti are requested to take their baggage to the [word indistinct] dock for loading today and tomorrow between the hours of 10 a.m. and 4 p.m. All luggage must be properly identified and should not exceed 250 pounds in weight. Persons who wish to transport items in excess of 250 pounds should make independent arrangements with private vessels operating between Nassau and Haiti. Information regarding repatriation for those Haitians who have registered for voluntary repatriation in other islands of the Bahamas will be advised of travel arrangements from those islands in due course.

[Words indistinct] nationals are ready to return home on Friday. They were bringing their belongings to the [word indistinct] dock yesterday by the truckloads. Beverly Pickstock reports:

[Begin recording] [Pickstock] The government repatriation exercise begins with this weekend. [words indistinct] were packing up their belongings as they hope to begin a new life in their country. [words indistinct] made their way to be loaded onto vessels en route to Haiti. [words indistinct] is doing his part to make resettlement soon:

[Unidentified speaker] [words indistinct]

[Pickstock] Most Haitians are returning home with their life-long possessions acquired here in the Bahamas. Thus spoke 28-year-old Henri James who fled Haiti five years ago. He will travel with his most prized possession.

[James] [words indistinct]

[Pickstock] Up to 10,000 Haitians are expected to be repatriated this year. And while some are happy to leave, others are reluctant and feel that the exercise is unfair.

[Unidentified speaker] [words indistinct] When I leave Haiti I had no children in Haiti. I have all my children in Bahamas.

[Pickstock] The first group of illegal Haitians is expected to leave Bahamas on Friday on board the motor vessel [word indistinct]. [end recording]

Many Defense Force Boats To Be Decommissioned

FL2601115595 Bridgetown CANA in English 2041 GMT 25 Jan 95

[FBIS Transcribed Text] Nassau, Bahamas, Jan 25, Cana—More than half of the Royal Bahamas Defence Force's boats will be condemned as obsolete and replaced, according to Prime Minister Hubert Ingraham. Of the 28 vessels, only 11 are capable of routine patrol, Ingraham told the press during a tour this week of the Coral Harbour base here in New Providence. The Defence Force says it needs a minimum of 15 operational craft, in addition to small boats.

Ingraham said that government would provide for the needs of the Defence Force "over a period of time." The number of craft that are purchased immediately will be determined by cost, he said. Government is presently waiting for quotes. Ingraham indicated that provision would be made for new craft in the budget for the new fiscal year, which starts in June. The Defence Force has already started the process to purchase two 40-foot boats at a cost of about U.S. $300,000 each, he said. The boats will be used for harbour patrol rescue.

The Force needs at least two 160-170 ft vessels, which can cost as much as $11 million each, and several 90-100 foot boats. The improvement of the fleet, Ingraham told the press, "will require a hefty commitment on the part of the government and people of the Bahamas to put the Defence Force in a position to have adequate craft, appropriate and proper communications, so as to serve the need that we have delegated and authorised the Defence Force to carry out..."

He referred to poaching by non-Bahamians, illegal immigration, drug trafficking, search and rescue missions, and emergency disaster missions. Two of six boats that the United States Coast Guard donated to the Bahamas Government are among those to be decommissioned.

"I've always felt that the acceptance by the Bahamas of some old, decommissioned American boats was not in our interest. It has cost us substantial monies to keep them on the high seas," Ingraham said.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Cayman Islands

More Cubans Transferred to Guantanamo

FL2501194695 Bridgetown CANA in English 1547 GMT 25 Jan 95

[FBIS Transcribed Text] George Town, Grand Cayman, Jan. 25, CANA—One hundred and nine Cubans, primarily families with small children, arrived at the U.S.-run refugee camp in Guantanamo Bay, Cuba from the Cayman Islands yesterday in the second of an anticipated series of movements of Cubans from this western Caribbean British territory to the U.S. camp.

Earlier in January, 92 Cubans accepted the U.S. offer and were flown from Cayman to Guantanamo.

Cayman Islands Chief Immigration Officer Gerry Maguire said a further 70 Cubans will make another flight from Grand Cayman to Guantanamo in the next few days, possibly later this week.

In early December, the U.S. offered to accept up to 900 of the 1184 Cubans the Cayman government had housed in a refugee camp.

"In Guantanamo, the Cubans (from Cayman) have found they have a chance to get a U.S. visa," said Maguire. "In the Cayman Islands, there was absolutely no chance."

About two flights per week or around 150-200 people are being granted parole into the U.S. from the Guantanamo camps, officials there said Tuesday.

While there is no definite "timetable," Guantanamo officials privately estimated that Cuban families with small children would likely remain in Guantanamo no more than three months before being granted a visa into the U.S.

The Clinton Administration has listed two categories under which Cuban asylum seekers in Guantanamo can qualify to receive a "parole" into the U.S.

The first is adults over 70 years of age; children without parents and medical emergencies. The second category is for families with small children.

The majority of Cubans in the first two trips from Cayman are families with children.

With the departure of the 109 Cubans, officials at Cayman's Tent City refugee camp say there are now about 850 Cubans left at the camp, down from a peak of 1184 in September 1994.

Fifty four Cubans have voluntarily returned to Cuba, 43 have been given political asylum in the Cayman Islands, 201 have gone to Guantanamo and about 30 have left by boat for other countries such as Mexico and Honduras.

The Caymans, a three-island British territory of just 30,000 people, are located about 125 miles west of Jamaica and 150 miles off the southeast coast of Cuba.

Haiti

Justice Minister, State Secretary Appointed

FL2601140895 Port-au-Prince Signal FM Radio in French 1130 GMT 26 Jan 95

[FBIS Translated Text] There is a new nomination within the Michel government. The Ministry of Information and Coordination advises the public that: Given the resignation of the justice minister, Attorney Ernst Malbranche, and considering that there is good reason for the appointment of a new justice minister and a second state secretary, by order of the prime minister dated 25 January, citizen Jean-Joseph Exume is appointed minister of justice and citizen Carole Demerville is appointed state secretary of justice.

Mr. Jean-Joseph Exume replaces in this post Attorney Ernst Malbranche who decided to resign from his post. Malbranche said on 25 January during a statement to the press that he had decided to resign to give up his place to someone who is much more flexible.

Legislative Activity Over Budget, Electoral Law Reported

FL2601230695 Port-au-Prince Signal FM Radio in French 1130 GMT 26 Jan 95

[FBIS Translated Excerpt] Lower chamber legislators have been pushing to review the draft 1994-95 national budget since they returned to work on 23 January. Deputies began reviewing the final four of 18 budget articles on 25 January.

Meanwhile, the commission charged with studying the electoral law has already opened discussions with Provisional Electoral Council [CEP] members. Daly Valet reports:

[Valet in Creole, in progress]...the commission...[pauses] the Chamber of Deputies has ordered that deputies be given time to vote on the draft 1994-95 national budget. They had voted on nearly 14 of the 18 articles as of 2300 last night: They have only four articles to go. Many of the legislators are meeting in separate sessions this afternoon.

Meanwhile, discussions between members of the ad hoc bicameral commission working on the electoral law and various CEP members—including the president, several members, and CEP Secretary Marie Laurence Jocelyn Lassegue—are dominating legislative news. The discussions are centered on many legislators' concerns regarding the electoral law and on proposed amendments to this bill.

Some legislators want to increase the number of electoral districts in the country. The number of districts laid out in the 1990 electoral law—that is, 83—is the same in the new electoral bill that the CEP brought up this year. Again, some of the deputies would like to increase the number of electoral districts.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Some deputies would like to lay down additional requirements for legislative hopefuls, specifically requiring a university diploma and outside activities so that the establishment of a mock Parliament such as the one that exists now is prevented.

CEP members have raised concerns, while some legislators reject the idea of establishing further prerequisites for being elected to posts. [passage omitted]

[Signal FM reports during the same newscast: "Deputy Laveaux Jean-Baptiste has told Signal FM that deputies and senators must meet in the National Assembly soon to vote on the national budget, more specifically on laws pertaining to international aid. A total of 45 percent of the national budget for fiscal year 1994-95 depends on international aid."

[Signal FM then carries the following recorded remarks by Jean-Baptiste in Creole: "A commission has been formed to study the electoral law. We are working hard on it. We should be able to send the report to the Assembly by the end of the day, so that we can vote [words indistinct] we voted on the law creating the police school and the police academy. The Chamber of Deputies ended with it on the afternoon of 25 January: The Senate had already voted on this law."]

Prime Minister Views Upcoming Paris Sponsors Meeting

FL2701000195 Port-au-Prince Radio Metropole in French 1145 GMT 26 Jan 95

[FBIS Translated Text] Haiti's sponsors will meet for two days on World Bank premises in Paris to consider granting more than $660 million in economic aid to Haiti. The meeting, which is scheduled to open on 30 January, is very important to the Haitian Government and to the cause of rebuilding the national economy. Prime Minister Smarck Michel told the press a few hours before departing for Paris that he hopes that the international community will fulfill its promises. Clarence Renois reports:

[Begin recording] [Renois] Haitian Prime Minister Smarck Michel hopes to receive direct and immediate response from the international community when he meets Haiti's sponsors in Paris. Michel would most like to see Haiti's sponsors fulfill their promise of providing $662 million in aid. The Haitian prime minister plans to pledge his commitment to the economic transformation program, a program on which Michel said much progress has been made since his government was installed.

The Haitian prime minister delivered to the press before departing for Paris a positive review of his government's political and economic activities, highlighting the letter of intention signed with the IMF. Michel believes that Haiti has met the contract's terms and is entitled to the international community's support.

[Michel] I have no doubt that the international community will make good on its commitments for if Haiti fails, then the international community fails. It is no mistake that we returned to democracy. Two important factors assured our return: the Haitian people's firm determination and the international community's support and assistance. Although some funds will soon be available, we expect more important funds to become available in May and June. I am optimistic. The Finance Ministry is working, as are all other ministries, to generate domestic funding to assure Haiti's place in this development program. The old saying holds true: Help yourself, and God will help you. The international community is God, in this case.

[Renois] There is no doubt about God's willingness or that of the international community. Michel hopes that the aid is released quickly. He pointed out: If Haiti fails, the international community fails.

The following important people will accompany the Haitian prime minister on his mission to persuade sponsors at the Paris meeting: Finance Minister Marie-Michele Rey, External Cooperation Minister Jean-Marie Cherestal, and Central Bank Governor Lesly Delatour.

Michel hopes for simple, adaptable, and flexible formulas for payment of funds. He will propose several projects for rebuilding the national economy, including a project in which 10,000 homes will be built in the cities and 10,000 in rural areas and a project that will help solve an unemployment problem that the return of so many refugees has aggravated.

[Michel] Although the Haitian people know that this government is not responsible for their misfortunes, it is this government's duty to provide answers. I go to Paris with this responsibility and the international community's interest in sharing this responsibility in mind. I go to Paris not with the expectation that there will be further catastrophes but with the goal of finally putting this country on the road to development and of assuring that we are on the same level as our neighbors in mind. Our neighbors progressed while we regressed over the past 20 years: We regressed quickly over the past three years while our neighbors were progressing. We must put this country back on the road to development. This is the responsibility of a government deserving this name.

[Renois] Haitian privatization—that is, the democratization of firms—is the subject of a World Bank study and will be another topic up for discussion in Paris.

The prime minister raised two other issues during his news conference: security and the energy crisis. Michel expressed dissatisfaction with the operation aimed at disarming individuals, pointing out that weapons are still in circulation nationwide. However, he congratulated the interim police force for good security work and the civilian population for its handling of the fragile atmosphere in which the population is repeatedly attacked. He also expressed hope that power supplies

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

would improve, suggesting that improvement could come within the next two months. [end recording]

27 Guantanamo Refugees Taken to U.S. 19 Jan

FL2601210995 Port-au-Prince Signal FM Radio in French 1130 GMT 25 Jan 95

[FBIS Translated Excerpt] Haitian and Bahamian delegations have discussed the burning issue of Haitian refugees in the Bahamas. Bahamian Foreign Minister Janet Bostwick led a delegation to two days of talks last week over an agreement on managing the Haitian refugee problem in the Bahamas. The Haitian Government last week was able to set up a timetable for gradually repatriating several hundred illegal Haitians in the Bahamas per month. Bahamian authorities have been pressuring their Haitian counterparts for some time to allow for the immediate repatriation of Haitian refugees. The declaration of principles that the two parties worked out speaks of immediate formation of a mixed commission to address the issue of Haitian refugees in the Bahamas and resumption of this country's consular services and reopening this country's diplomatic mission in Haiti. [passage omitted]

The government might find itself out in the cold if it does not take concrete action on this new issue of Haitian refugees abroad. The United States returned 4,368 refugees to Haiti in less than two weeks, 668 of whom had volunteered to return to Haiti. The refugees claim that promises regarding jobs on USAID-financed projects have not been kept since their repatriation.

The National Coalition for Haitian Refugees, a human rights organization based in the United States, has told IPS [INTER PRESS SERVICE] that 27 seropositive Haitians who were being held on the U.S. base at Guantanamo were secretly transferred to the United States on 19 January.

Refugees Recall Dominican Abuses During Repatriation

FL2601215395 Port-au-Prince Signal FM Radio in French 1130 GMT 25 Jan 95

[FBIS Translated Text] Haitians are once again being repatriated. The United States has been repatriating refugees from Guantanamo: Now, it is the Dominican Republic's turn.

Observers in Port-au-Prince have noted that the forced repatriation of Haitian refugees from Guantanamo, the Dominican Republic, or elsewhere adds to the pretty difficult problems that the Haitian Government already faces.

In addition to Haitians who lived on the Guantanamo base for several months, 62 illegal Haitian refugees were repatriated from the Dominican Republic against their will on 23 January and taken in provisionally at an old house located in Bon Repos, on National Route 1. A total of 150 Haitians were repatriated from the Dominican Republic against their will on 24 January, all of them now based in (Caritas).

Dominican soldiers hit some of them with rifle butts. Rodriguez, one Haitian refugee, reported that the soldiers forced the refugees to follow beaten tracks until they reached Haitian territory. The refugees reported that the Dominican soldiers said that all Haitians living illegally in the Dominican Republic must return home now that President Aristide has returned to his country.

Haitian refugees are being repatriated from the Dominican Republic just as thousands of others are arriving fresh off the boat from Guantanamo.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Ortiz Discloses IMF Loan, Views Emergency Program

PA2601202795 Mexico City Radio ACIR Network in Spanish 1955 GMT 26 Jan 95

[Report by Alma Rosa Baez; from the "Midday News Panorama" newscast]

[FBIS Translated Text] A news conference ended a few minutes ago in which Dr. Guillermo Ortiz and Miguel Mancera Aguayo, general director of the Bank of Mexico, disclosed the letter of intent of the Mexican Government with the IMF for a loan exceeding $7.5 billion.

Dr. Guillermo Ortiz explained that if the emergency program implemented by the authorities does not yield results by the second half of the year, public spending will be cut even further, without an ensuing reduction in social spending. He added that mechanisms will be sought to promote foreign investment in our country.

Miguel Mancera Aguayo, general director of the Bank of Mexico, ruled out that the peso-dollar exchange rate will close at 3.50 pesos to the dollar by the end of the year, despite estimates by foreign investors and foreign-based securities offices, which predicted that by the end of the year the exchange rate in Mexico may reach the aforementioned levels.

He said the Mexican Government rules out that such an exchange rate will take form. It is not yet known what will be the peso-dollar exchange rate. He recalled that we are still facing an emergency situation, and it is still not known what the results will be. Nevertheless, he expressed hope that the results will be encouraging.

Further on IMF Agreement

PA2601220395 Mexico City XEW Television Network in Spanish 2000 GMT 26 Jan 95

[From the "24 Hours" newscast]

[FBIS Translated Text] [Anchorman Abraham Zabludovsky] Rita Ganem was present a few minutes ago at the news conference held by Finance Secretary Guillermo Ortiz during which an IMF credit to Mexico was announced. Rita, good afternoon.

[Ganem] Thank you, Abraham. This was the main announcement by the finance secretary here at the Pan-American Room at the National Palace. The secretary announced a $7.575-billion agreement was signed with the IMF, adding this will be an additional resource Mexico will receive to stabilize the financial markets.

Another topic addressed by the finance secretary during the questions and answers period was the exchange rate and what will happen to the peso at this time. The finance secretary said in this regard the peso will continue to float for some weeks for the time being. He said financial authorities will announce what the foreign exchange system in the future will be in the next few weeks with the stabilization of markets and the IMF support. This may be either the present system or another, Ortiz said

On the same topic, Bank of Mexico Governor Miguel Mancera also talked about the exchange rate, saying a decision on the exchange rate will depend on the existing circumstances in the financial markets. Mancera said the decision to maintain the floating of the peso to fix the exchange rate or to make any other change will also depend on these circumstances.

Referring to the resources that will come from the IMF, it has been said that they are quite important and that it agrees with what has been announced by the finance secretary, who said Mexico is obtaining support from other financial sources while the discussion of the financial package continues in the U.S. Congress.

[Zabludovsky] Did he say what sources?

[Ganem] This is in addition to the (?$18 billion) that have already been obtained. He did not mention any other resource but did say negotiations are being held with European countries, Canada, and now the IMF. He said it will also serve as a monetary stabilization fund.

Concerning the letter of intent to the IMF, a summary was made of the strategy implemented by Mexico to face the economic emergency. The letter, in sum, states Mexico is facing a short-term financial crisis caused by the devaluation of the peso. The government program includes measures to stabilize financial markets, to ensure that the devaluation of the peso will contribute to reduce imbalances with foreign countries, and to reinforce the already solid bases of the Mexican economy.

Miguel Mancera said the government believes that markets will be stabilized soon and that Mexico will return soon to its path of rapid economic growth without inflation.

Another one of the announcements that was made was that the Tesobonos [Treasury Bonds] will not disappear. He said it is not advisable to eliminate them, because it is an advantageous instrument. He did say, however, its circulation on the market will be substantially reduced.

Expenditures Budget To Be Cut by 20 Billion Pesos

PA2701021795 Mexico City NOTIMEX in Spanish 2151 GMT 26 Jan 95

[FBIS Translated Text] Mexico City, 26 Jan (NOTIMEX)—The federation's expenditures budget for this year will undergo a cut of 20 billion new pesos (approximately $3.490 billion) to cope with the country's financial contingency.

Santiago Levi, expenditures under secretary of the Finance and Public Credit Secretariat, has explained to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

the Chamber of Deputies that budget cuts for $12 billion [as received] will be made to current expenses and the rest to investment costs.

The reductions in the first area, he has said, concern per diem expenses and telephone and electricity bills and will allow a wage increase below the inflation rate for government officials.

On investment expenditures, he has said that the maintenance of highways and projects will not feel the pinch and that Mexican Petroleum will make adjustments in areas unrelated to the enterprise's productive capacity.

The expenditures budget foresees that the surplus will range between three- and four-tenths of the annual gross national product (GNP), which is approximately $1.5 trillion pesos.

Levi has submitted the adjustment proposal, which highlights the need to make a cut in the programmed spending of 1.3 percent of the GNP vis-a-vis the amounts the chamber approved on 22 December.

He has said that the adjustment does not indicate changes in the social welfare programs and that the objectives regarding social and rural development, education, health, and training are protected.

Accord Requires Informing Congress of Loan Conditions

PA2701001795 Mexico City XEW Television Network in Spanish 2000 GMT 26 Jan 95

[Report by Enrique Rodriguez from the Chamber of Deputies building; from the "24 Hours" newscast]

[FBIS Translated Text] [Rodriguez] An important and historic event has just taken place here in the Chamber of Deputies. A few minutes ago, Francisco Sanchez Davila, president of the Finance Commission in this lower chamber and, evidently, a PRI [Institutional Revolutionary Party] member, read an agreement, considered to be historic, signed by the four parliamentary factions, the PRI, PAN [National Action Party], the PRD [Party of the Democratic Revolution], and the Labor Party, represented in this chamber, which is debating the modifications to the 1995 Budget Law for its possible approval. I will read the text of this important agreement just as it was presented by Sanchez Davila. It states:

The Chamber of Deputies [word indistinct] commission, encompassing the views of all the parties in it and in order to uphold the mandate that no decisions against our national sovereignty will be made in the efforts to obtain foreign credits, presents the following paragraph, which is to be added to the end of the second article of the Budget Law, for the consideration of the Chamber of Deputies plenary.

Then comes the most important paragraph:

Should the procurement of a foreign credit or the emission of values [valores] abroad, referred to in the previous paragraph, require the guarantee of a foreign government, the Congress of the Union, based on Article 73, eighth paragraph, must be duly informed of those conditions so they can be approved.

This proposal has a historic character. It means the conditions placed on debts requiring guarantees must now be studied and approved by Congress and no longer by the executive. As it states, this agreement was signed by all the political parties and will, obviously, be approved. Thus, the changes will be law very shortly. Other important points in the agreement are the following:

We return its full constitutional powers on foreign debts to the Congress of the Union. With this measure, we give the executive the basis on which to make and approve loans based on the nation's credit. The dignity of this Congress of the Union is also strengthened, that is, the legislative branch, and fully complies with the division of powers.

The last point of the agreement states:

This measure strengthens the executive branch in its negotiations with the U.S. Government, because it backs the resolute defense of our sovereignty and determination not to accept conditions political in nature.

The deputies' applause was strong when Suarez Davila finished reading it. They are now discussing the approval of this document, and it is, obviously, expected to pass.

[Anchorman Abraham Zabludovsky] If the negotiations to obtain resources, which are being carried out by Messrs. Gurria and Ortiz in Washington, require the endorsement of the Americans, the government of President Zedillo will have to obtain the approval of the Mexican Congress for them to be valid. Is this, in short, what happened at Congress today?

[Rodriguez] Exactly, Abraham. It is a historic agreement. If it is approved, the conditions on this type of indebtedness, the one the government is trying to obtain, would have to be approved by the Congress of the Union and not by the executive.

[Zabludovsky] It this going to be a law?

[Rodriguez] Yes.

Zedillo: Congress Must Share in Decisions

PA2701041395 Mexico City Radio ACIR Network in Spanish 0000 GMT 27 Jan 95

[Report by Jose Cardenas and Rosy Ahuatsin; from the "Evening News Panorama" newscast]

[FBIS Translated Text] [Cardenas] We have a report from Rosie Ahuatsin on today's important events. How are you, Rosie?

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Ahuatsin] Good evening. An important loan was granted today. It is for up to $7,575,000,000 to support the program to overcome the economic emergency. This loan is from the IMF. President Ernesto Zedillo insists we are going to act responsibly and asks Mexicans for trust, because the country's sovereignty will not be negotiated along with the financial package.

He has gone further. He has given the Chamber of Deputies the opportunity to act as the bulwark of this sovereignty. It will be the Chamber of Deputies that will authorize the country's debts as of today.

The president called on those who are apprehensive and anxious due to the recent agreement asking for financial support. He said: We must act very responsibly and not play the game of those who want Mexico to come out of this difficult economic situation weakened. A good way of acting responsibly, he said, is to ignore rumors and sensationalist reports about processes that have not been implemented.

Swearing in the National Council of the Assembly Plant Industry for Exports [Consejo Nacional de la Industria Maquiladora de Exportacion], whose president is Raul Avila, President Zedillo said: We are not going to pass judgment on negotiations that have not concluded. The government has clearly stated all negotiations are being conducted and will be conducted without making commitments that may lessen the nation's sovereignty or go against the legitimate interests of Mexicans.

[Cardenas] The executive branch is speaking about the need for adopting this or that measure to overcome the economic emergency. The executive branch is promoting abroad the arrival of money, of loans, which would save the situation, but no step will be taken if Congress does not approve it.

[Ahuatsin] Exactly. The idea is for both the federal government and Congress to share responsibility in the most important decisions that may have to be adopted in the face of this difficult economic situation. Let us hear how he gives this prerogative to the Chamber of Deputies:

[Begin Zedillo recording] As the Chamber of Deputies has been discussing today, my government will sign loan guarantee operations with the U.S. Government only after the Mexican Congress authorizes the Mexican Government to do so. I repeat: We will do nothing behind the back of the nation. Mexico's Congress must totally share the decisions adopted by the executive branch. This is the best evidence we offer that we are defending the nation's sovereignty. [end recording]

President Zedillo was smiling today. His face expressed concern these past few days. He was pleased with the resources negotiated with the IMF today. In this speech, the president said the Mexican economy has much structural strength, and this strength will continue growing, as the assembly plant industry has demonstrated. This industry has done well this year and is expected it will create more jobs, 50,000 more than now, next year.

He gave the assembly plant industry good news. This is the second part of the important information provided in this speech.

He said as part of the federal government's effort to support the production sector and the people's income, the committee that sets the price of oil derivatives and petrochemical products has decided that motor fuel prices along the northern border will be made equal to the prices prevailing in the rest of the country as of tomorrow, meaning gasoline and diesel prices will be reduced so as to equal what is charged in the rest of the country.

The people along the border had already demanded the adoption of this measure, which benefits the assembly plant industry and all the industries in the border zone.

[Cardenas] Baja California Governor Ernesto Rufo, especially, had voiced irritation.

[Ahuatsin] Right, because the cost of their products was too high, and this cost was impacting on their entire production process.

Zedillo insists Mexico has sufficient solvency to pay dues. This is important news for the people along the border and the border industries.

President Zedillo insists the economic comeback program was designed by Mexicans for Mexicans and will be implemented by Mexicans for Mexicans. He insists that whatever is done must be made public and has reiterated that nothing, absolutely nothing, will be done behind the back of the people.

Senators Cited on Letter of Intent With U.S.

PA2701050195 Mexico City Radio ACIR Network in Spanish 0000 GMT 27 Jan 95

[Report by Juan Carlos Escobedo; from the "Evening News Panorama" newscast]

[FBIS Translated Text] Mexico has the strength and diplomatic ability to prevent the negotiations of credits for $40 billion from hanging us, Fernando Solana, chairman of the Senate Foreign Relations Commission, has said.

In separate interviews, PRI [Institutional Revolutionary Party], PAN [National Action Party], and PRD [Party of the Democratic Revolution] senators have agreed there is confusion regarding the alleged letter of intent which the Mexican Government is negotiating with the U.S. Government to obtain credit, and that reason is why it must be made public. The legislators have said the Senate, by virtue of its constitutional mandate, must study the document in detail.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Fernando Solana Morales, former Mexican foreign relations secretary, has said no conditions that could endanger the country's sovereignty should be accepted. Fernando Solana has said the Senate must study those documents so it can give an opinion. He has said the commission he chairs has already asked Foreign Relations Secretary Jose Angel Gurria to appear before the commission to discuss the document:

[Begin Solana recording] [Words indistinct] [end recording]

Meanwhile, PAN Senator Jose Angel Conchello, chairman of the Senate Second Foreign Relations Commission, has said the letter of intent should not be approved before the Senate learns of all the details of what is going to be negotiated between the Mexican and U.S. Governments. The PAN senator has said it would be politically humiliating for our country to accept conditions other than the strictly financial ones, and even then we must discuss whether they violate the country's sovereignty.

In addition, PRD Senator Hector Sanchez has said Mexico must [words indistinct] credits from the United States and seek the financing it needs in international organizations, such as the World Bank.

PRD Issues Resolution on Economic Crisis

PA2601190895 Mexico City LA JORNADA in Spanish 24 Jan 95 pp 16, 17

[Resolution issued by the National Council of the Party of the Democratic Revolution, PRD, in Mexico City on 22 January]

[FBIS Translated Text] In addition to the country's political crisis, a result of the prevalence of an undemocratic and authoritarian system, we now have an economic crisis. The devaluation of the peso and its respective effects on the prices of merchandise and services, on government spending, on the situation of innumerable enterprises, on the workers' real wages, and on the outlook of economic growth severely affects national politics.

The economic model imposed on the country as a result of an authoritarian and inflexible political system turned out to be detrimental to national interests, just as many academic groups, independent social organizations, and the Party of the Democratic Revolution [PRD] had forewarned. The almost indiscriminate commercial and financial opening brought about grave imbalances in the economy, especially due to the drastic increase in the current account deficit and the high foreign investment portfolio, investments that were made in a speculative manner. These imbalances were an addition to the already existing problems, particularly the stagnation of the economy, the large Mexican foreign debt, and the processes of economomic monopolization, processes that had increased in the past six years.

The application of the neoliberal model further concentrated the revenues in a few families, families that, at the same time, make the most important economic decisions with the support of their partners in the government.

The ruling group used authoritarianism to impose an economic policy that went against the majority in the country and threatened the national sovereignty. This group has severely hurt Mexico and legal sanctions are demanded for the key figures responsible for it. They must account for their actions, which is a way to prevent others from handling the national economy irresponsibly. The National Council demands that the penal action that the PRD parliamentary group is promoting against Carlos Salinas de Gortari and his main collaborators in economic matters be started.

Privatizations were carried out in favor of small and close-knit groups, some of which took control of important enterprises through the purchase of parts of control packages conceived by the government, such as the Telefonos de Mexico case. Those who control the reprivatized commerical banks are merely 100 people. Now, the government plans to sell, little by little and in parts, the two largest government-owned enterprises: Mexican Petroleum and the Federal Electricity Commission. In addition, the sale of railroads, ports, airports, and satellites has been announced. We demand that Ernesto Zedillo comply with point three of the 20 COMMITMENTS FOR DEMOCRACY, which he signed and which literally says: "In the event of any changes to federal laws or codes, a minimum of 30 days must pass between their presentation and approval." No revenue for such a sale can truly help overcome a crisis caused by the application of an entire economic model and no amount of money could compensate the loss of our country's sovereignty.

In view of the failure of the financial opening and the crisis that such an opening helped unleash, the government is now resorting—as it did in the 1970's and the early 1980's—to big loans and has announced a package for the stabilization of the peso for $18 billion, part of which the government offered in exchange for state enterprises.

In addition to this, the Mexican Government has turned to the United States to request a legal guarantee to cover the issuing of up to $40 billion in new notes in U.S. currency. The guarantee requested by Ernesto Zedillo's government is being made contingent upon Mexico's delivery of its oil exports as a guarantee and to its acquisition of 7.5 percent of the amount guaranteed in U.S. Treasury bonds, in addition to other payments. The first condition means that, for the first time since 1938, we would be mortgaging Mexico's oil exports in a financial operation that is regulated by public international law, which means, in effect, that it would be the State's collateral. The second prerequisite is very onerous because it means that for a maximum of $40 billion, Mexico would have to sacrifice $3 billion plus an

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

additional amount that is yet to be determined. It is the harshest economic condition in any financial operation in our country's recent history.

But the situation is even more grave. U.S. congressmen plan to impose another 16 conditions that range between the virtual authorization of Mexican financial programs by the U.S. President and the drafting of a plan to privatize public enterprises and agencies to the Mexican Police's arrest of potential illegal immigrants, the suspension of the most important economic relations with Cuba, and a greater opening for U.S. investors to operate in Mexico, among others.

Mexico is facing one of the biggest non-war foreign onslaughts in its history, and its government is tolerating it. The United States, taking advantage of the country's serious financial situation, seeks to destroy Mexico's national sovereignty, force Mexicans to take on momentous decisions without these decisions coming from Mexico's own initiative, and impose a new relationship based on complete subordination. This situation demands our nation's strongest reply.

On the other hand, economic policy decisions made as part of a mechanism called the Pact [Pact for Well-Being, Stability, and Growth], belong to a corporate system that is entirely antidemocratic, in which only the rulers are fully represented. The recent agreement, made after the peso's devaluation, lacks true meaning and reflects the fact that the agreement scheme, whose main objective has been to establish salary limits, is worn out.

In the face of this national emergency situation, Mexico requires a democratic political system and demands a new economic policy capable of encouraging sustained economic growth, increased jobs, higher social well-being, increased productivity, and a defense of the nation's sovereignty. We need to turn our back on neoliberalism and the surrender of our resources. For this, we need a government with a program originating from a democratic consultation and working constitutional organizations: a government is required to apply this new policy to overcome the economic crisis and encourage the republic's democratic refounding. In this respect, the PRD's National Council backs the proposal presented on 6 January by Cuauhtemoc Cardenas to struggle for a government of national salvation.

The PRD calls on the country's men and women, on forces interested in these goals, to form a national consensus for the defense of the people's economy, national sovereignty, and patrimony, as well as to attain a better standard of living and democratic transformation. Regardless of any differences, the moment demands a great political effort and a different economic policy, in order to straighten the country's course. More specifically, it is necessary to reject the so-called call for unity agreement to overcome the economic emergency, especially what refers to virtual salary limits, as well as gas price increases in northern border municipalities.

The new economic program must start out by readdressing the topic of repayment of the foreign debt as well as making a significant tax adjustment to foreign trade aimed at restricting imports; define conditions for foreign investment portfolios on hand in order to reduce their liquidity; promote a drop in interest rates; activate public investment to stimulate production; establish efficient economic development policies and raise work productivity; set income redistribution goals to broaden the domestic market and raise the people's well-being; encourage employment; and carry out the social reforms that result from the above. Inflation control must be carried out without resorting to indiscriminate trade opening and without assuming that every fiscal deficit is negative by definition.

If Ernesto Zedillo is not capable of assuming the responsibility in the face of the crisis, to discard impoverishing neoliberalism and the concentrator of riches in the hands of a few, and defend national sovereignty, no other solution can be seen other than legally replacing the president and the call for new and truly democratic elections.

It is of decisive importance to have a new national political pact, intended mainly for the building of a democratic system, which implies making huge institutional reforms and establishing new legal bases. This new pact would have to be based, right now, on the solution of the serious regional political problems; it would be also essential that the local 1995 elections be held under electoral laws and procedures that have the full acceptance of the candidates, which up to now has never occurred in Mexico.

The recent signing of an agreement on national political commitments between the political parties and validated by Ernesto Zedillo means primarily an acceptance to establish opportunities for negotiations, since the pact itself lacks in-depth practical objectives. It refers, therefore, to an initial step which by itself offers no guarantees with respect to the outlining of a process that will lead to the dismantling of the state political party system through in-depth institutional reforms. The PRD confirms that its participation in the National Political Agreement will be determined by an effective search for solutions to the postelectoral conflicts in Tabasco, Chiapas, Veracruz, Guanajuato, and San Luis Potosi, in accordance with the terms of the commitments adopted. If the government and the PRI fail to acknowledge the value of their own signature as relates to basic issues, it is to be expected that they will do likewise when it comes to the subject of in-depth institutional reforms. The solution to the postelectoral conflicts cannot found in the situation as it currently stands, therefore it is absolutely clear that Madrazo and Robledo's removal from the governments of Tabasco and Chiapas must be linked to the signing of commitments leading to a national agreement.

The government and the PRI's repressive response in Villahermosa, the political support extended to Roberto

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Madrazo by high-ranking PRI leaders, as well as the position adopted by the Government Secretariat, merely send signals of an unwillingness to embark on serious negotiations aimed at reforming the Mexican political system. The PRD has searched for a dialogue and negotiations, and what it has uncovered so far from the government is more repression, more deception, more manipulation, and a more anti-democratic policy. We strongly repudiate this repressive policy and demand the immediate release of our fellow party members arrested in Tabasco and Veracruz. We also demand a stop to all military patrols in cities and highways in Tabasco since this constitutes an element of intimidation and restraint against the exercise of all constitutional rights.

We reiterate that the situation in Mexico is extremely delicate. What we currently have in the country is the compounding of the old crisis of the state political system and the new economic crisis, which, in bringing forth long-lasting unsolved problems, represents a greater threat to the welfare of the majority of Mexicans and the nation's sovereignty. Concrete political steps to deal with this situation is what the occasion demands, and at any cost, preventing the nation's strategic resources and control of its economy from falling into foreign hands.

The PRD National Council summons all Mexican men and women, the country's progressive and democratic forces, and all patriots willing to defend Mexico to resort to protests and mobilizations in every corner of our territory to prevent the defeat of our national independence now while there is still time and demand a change to an economic and political direction to ensure coexistence in democracy, justice, progress, and peace among all Mexicans.

Democracy now, nation for all.

The Second National Council of the Party of the Democratic Revolution.

Issued In Mexico City on 22 January 1995.

The National Council's Board of Directors: President Pablo Gomez, Vice President Cristina Laurell, Secretary Angelica de la Pena, and Secretary Eloy Vazquez,

FOR A NATIONAL SALVATION GOVERNMENT!

END ALL NEOLIBERAL POLICIES.

To ensure the citizen's mobilization to propose economic and social policies of national salvation that will patriotically challenge the current crisis, the PRI proposes:

Plan of Action

1. Encourage initiatives aimed at organizing and mobilizing, the central focus of which will be:

For a government of national salvation

For peace with justice and dignity.

In defense of the nation's sovereignty and patrimony.

Effective protection of the country's productive capability.

The protection and promotion of employment and income for all rural and urban workers.

Organization

2. Participation in the following activities:

A. Organize regional and national forums of business, unions, peasants, intellectuals, and artists in order to discuss proposals leading to a government of national salvation.

B. Encourage a referendum in order to accept or reject the government's policies to resolve the crisis.

C. Challenge the government into reformulating its economic and social program, or demand a new one.

Within the framework of the encouragement for the forging of a new national consensus for a government of national salvation.

D. Hold a national assembly to create the Front for the Defense of the National Patrimony and People's Economy [Frente por la Defensa del Patrimonio Nacional y la Economia Popular] by late May 1995.

E. Participate in the following mobilizations:

24 January at 1600 in Mexico City's El Zocalo

5 February: nationwide demonstrations to demand a state reform.

24 February: day for the rescue of the national flag's colors and the ban on its use by the PRI.

4 March: 32 state women's meetings.

8 March: National women's meeting.

18 March: demonstrations in all states and Mexico City under the following banner: "For the Defense of the National Sovereignty and Patrimony."

April: nationwide peasant mobilizations.

May: union mobilizations to reject the leaderships' pact and for the defense of salaries and jobs.

Mexico City, 22 January 1995

Democracy Now; Fatherland for All

The National Council of the Party of the Democratic Revolution

Senate Approves Private Participation in Railroads

PA2701051495 Mexico City NOTIMEX in Spanish 0222 GMT 27 Jan 95

[FBIS Translated Text] Mexico City, 26 Jan (NOTIMEX)—Today, the Mexican Senate approved a

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

reform to Article 28 of the Constitution that will allow for the disassociation of railroads and satellite communication services, areas previously reserved for the state.

In a session that lasted four hours, the legislators approved the presidential initiative that will allow private participation in several sectors of the communications area.

The ruling was approved by the blocs of the governing Institutional Revolutionary Party (PRI) and the opposition National Action Party (PAN). Legislators of the center-leftist Party of the Democratic Revolution (PRD) rejected the initiative, however.

PRI Senator Eduardo Andrade Sanchez said the railroad services were already exhibiting signs of deterioration, which was very harmful for the country's sovereignty, because it affected its economic and regional development.

"It is very irresponsible not to become aware of this issue and understand that we defend our sovereignty best if we take measures that allow this activity to develop with efficiency," he added.

Navy Commander Remarks on Troop Increase at Chiapas Border

PA2601174195 Mexico City LA JORNADA in Spanish 24 Jan 95 p 36

[Report by Yolanda Lopez Ordaz]

[FBIS Translated Text] Tapachula, Chiapas, 23 Jan—Alfredo Alexandres Santin, commander of the 22nd Naval Zone, has acknowledged that the number of Navy infantry troops has increased at the border but assured that the operations are to counter the trafficking of illegal immigrants, weapons, and drugs.

Alexandres admitted that there has been "a slight" increase in the number of Navy infantry, rescue, and other troops. He explained however, that those troops will conduct operations in that state in coordination with civilian and military authorities, who will be joined by other units from the Navy Secretariat and the Mexican Navy.

Meanwhile, General Angel Jorge Lasso de la Vega y Corona, commander of the 36th Naval Zone, denied the presence of armed subversive groups in the area. He admitted, however, that surveillance in the coast-Soconusco-sierra region will be reinforced.

Lasso de la Vega said that this border area is important for national security because its special location leads to problems "primarily linked to the trafficking of illegal immigrants and drugs, and possibly arms smuggling."

Government Hails Advances, Proposals on Tabasco

PA2701095795 Mexico City NOTIMEX in Spanish 0329 GMT 25 Jan 95

[FBIS Translated Text] Mexico City, 24 Jan (NOTIMEX)—Today, the Mexican Government hailed the advances and proposals, a plebiscite among them, presented at the negotiations table that attempt to end the postelectoral conflict in the southeastern state of Tabasco.

"The Government Secretariat hails the advances and proposals presented at the negotiations table," the secretariat announced in a communique.

It added those negotiations are "geared to summon the people to a consultation so that the residents of Tabasco will be the only ones to decide the political future of their state in a democratic and clear-cut democratic consultation process."

The document stated the people's consultation is to be held immediately, if the parties so decide, and will be conducted by an independent organization formed by members of Tabasco's civilian society.

Roberto Madrazo Pintado, candidate of the governing Institutional Revolutionary Party (PRI), assumed the governorship of the state on 31 December 1994 amid charges of electoral fraud.

Riot police dispersed a clash between PRI and opposition Party of the Democratic Revolution (PRD) members on 19 January. The incident occurred when the latter group was demanding in front of the Municipal Palace that Madrazo be removed.

After the clash, which left several injured and minor material damages, the government summoned the parties to compromise a dialogue, mutual respect, and nonviolence.

"Attending to this call, a political negotiations table was established in Tabasco and is working to find reconciliation and a final solution to the current electoral conflict," the communique stated.

It has been proposed for several days that the parties find solutions through dialogue and adherence to the law, the only paths to ensure harmony, social peace, and political stability, it stated.

The secretariat stated the decisions made at the negotiations table will be a national example and will count, if it is so requested, with the support and backing of federal authorities.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

El Salvador

Demobilized Army Members Leave Government Offices

PA2601141195 San Salvador Radio Cadena YSKL in Spanish 1314 GMT 26 Jan 95

["Special report" by Milton Grimaldi]

[FBIS Translated Text] We are here at the government offices, specifically, outside the Legislative Assembly building, where the situation is calm this morning after demobilized Armed Forces members abandoned the area last night.

Personnel from the various institutions here are arriving to resume their activities, which were suspended yesterday at most institutions [two-second break in reception] personnel are arriving at Antel [National Telecommunications Administration], the Interior Ministry, Supreme Court of Justice, courts, Post Office, Planning Ministry, and Legislative Assembly.

Here at the Assembly, National Civilian Police [PNC] officers are not allowing administrative personnel, secretaries, or service staff into the building until a special commission is able to inspect it for damage following the two-day takeover by demobilized Army members.

PNC officers have been placed at the main entrance. They are not allowing anyone in the building in anticipation of this inspection. Authorities from the National Police and the Judicial Center are also expected to conduct a global inspection of this building, which was apparently the hardest hit of the three buildings occupied for nearly 48 hours by demobilized Army members.

Assembly personnel here in the parking lot are awaiting orders from the Congress presidency to enter the building. Meanwhile, an inspection is expected in the Assembly this the morning.

The situation here is calm. Employees from various government institutions have begun to return to their offices to resume their regular duties.

Calderon Views Army's Actions

PA2701033395 San Salvador Canal Doce Television in Spanish 0100 GMT 27 Jan 95

[Report by Edwin Gongora from the "Up-to-Date" newscast]

[FBIS Translated Text] A number of reactions on the likely masterminds behind the protests have emerged after the demobilized people ended the takeover of public buildings. President Armando Calderon Sol has insisted there is a hidden hand by those sectors that oppose the peace process behind the actions carried out by Adefaes [Association of Demobilized Armed Forces Members]. This reason is why these sectors incite demobilized people to destabilize the country.

According to President Calderon Sol, the actions the demobilized people, grouped under the Adefaes, have carried out for two days could hardly have been the result of their own initiative. The president believes shady sectors have manipulated these people, who come from several towns in the country:

[Begin Calderon Sol recording] We believe a mobilization and actions such as these which Adefaes carried out in the country on 24 and 25 January are organized and financed by and positively point to a hidden hand behind the actions—the antidemocratic people. [end recording]

Calderon Sol's statements have agreed with what most political sectors, which believe the demobilized people were incited to carry out these actions, have stated. The result of these actions was the signing of an in-depth document demanding the identification of those who could be behind them. He also has said that what was agreed on with Adefaes will be complied with, the reason why pertinent negotiations with friendly countries are being conducted to ensure that the funds will be obtained.

The chief of state has emphatically denied these actions are part of a coup d'etat:

[Begin Calderon Sol recording] I believe those who are dreaming about this coup will keep dreaming about it, because those who have popular support and [words indistinct] people themselves will defend what we all are forging now and what we have already forged. Any action of this nature would be unbearable and extremely irrational. I do not fear these actions will take place in El Salvador because they are the actions typical of a crazy and alienated person. [end recording]

On other issues, President Calderon Sol has said he will meet with transportation businessmen on 27 February to discuss the problems of the sector, which has threatened to stop its services if its demands are not met.

Corado Discusses Actions

PA2701034495 San Salvador Canal Doce Television in Spanish 0100 GMT 27 Jan 95

[Report by Andy Montoya from the "Up-to-Date" newscast—passages within quotations recorded]

[FBIS Translated Text] Defense Minister General Humberto Corado has said the actions carried out by demobilized members of the Armed Forces are reaching intolerable levels. This reason is why he did not rule out a possible intervention by the Army should the last straw that breaks the camel's back appear:

[Corado] "We are seeing that illegality is prevailing over the national laws and that we are entering a state of anarchy, which that cannot be tolerated, because it is adversely affecting most Salvadorans."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Due to this position, it is likely the Armed Forces could have acted against the Adefaes members if public security was still one of the military priorities, but [words indistinct] the military sector has had to remain on the sidelines, albeit in a state of alert and ready to intervene according to the defense minister:

[Corado] "We must respect the Constitution and the laws of the Republic. I would prefer in the future that these types of actions not be carried out again. Should they reoccur, I believe the Salvadoran state, its government, and the institution have the right to restore public order however possible."

Corado has said those who are displeased with the peace agreements and the changes thereafter could be behind the Adefaes moves. We then asked the minister if high-ranking officers who were dismissed after their names were included in the reports prepared by the Truth Commission could be included among those people. The defense minister has said:

[Corado] "We do not have information on this possibility so far, but we know that certain former members of the Armed Forces have joined legally registered political parties, not illegal actions as the ones carried out by the Adefaes."

Corado has said he is preparing a report for the president of the Republic, based on an investigation, naming those who could be the masterminds of the Adefaes activities. Corado has refused, for the time being, to name anyone and has limited himself to saying they are people seeking to reap political benefits from these actions.

Human Rights Commission Reports Little Progress

PA2701113395 San Salvador Canal Doce Television in Spanish 0100 GMT 24 Jan 95

[Report by Ghandi Montoya from the "Up-to-Date" newscast—passages within quotations recorded]

[FBIS Translated Text] The nongovernmental Human Rights Commission [CDH] has reported little progress was made in 1994 in guaranteeing individual rights and has stated death squads are still operating without impunity in the country.

According to this organization, part of the reason for the lack of progress is due to the slow work done by the human rights ombudsman.

The CDH has reported more than 2,000 human rights violations in 1994, a figure which is higher than the three previous years according to the head of the CDH, Celia Medrano:

[Medrano] "This year should have indicated decreasing levels of human rights violations, because the progress made by the democratic process should have been reflected in the gradual and permanent reduction of human rights violations, but this is not so. The number of human rights violations has been oscillating, increasing and decreasing, but homicides have significantly increased in the last few years."

The statistics for 1994 have indicated violations of people's lives, freedom, and physical integrity, and the actions of the death squads was once again present:

[Medrano] "Amid a peace process and with the presence of ONUSAL [UN Observer Mission in El Salvador], death squads are operating without impunity whenever they like. There were 16 murder cases involving death squads in 1994. Of these 16 cases, 15 involved political opposition leaders, especially during the elections."

According to Celia Medrano, we could hardly speak of progress if we evaluate the country's democratization process by using respect for human rights as a parameter. That reason is why we hope the situation will change in 1995.

The CDH makes a specific call to the human rights ombudsman to play a more active role in this field, because it has been weak up to now according to the CDH:

[Medrano] "Unfortunately, the human rights ombudsman has been unable to meet the people's expectations at this time, especially when it comes to signaling out state institutions responsible for the violation of human rights."

Now that the term of Human Rights Ombudsman Carlos Mauricio Molina Fonseca is about to expire, the CDH has been calling on deputies to elect his replacement in a nonpolitical manner. Celia Medrano has made this recommendation, because she feels the election of the current ombudsman was done politically, and a person who could properly fulfill the mission was not chosen.

Panama

Court Reissues Warrant for Alleged Killer of U.S. Soldier

PA2601173595 Panama City EL PANAMA AMERICA in Spanish 25 Jan 95 p A-1

[Report by Juan Manuel Diaz C.]

[FBIS Translated Text] The Second Court of Justice has ordered further investigations and reissued the arrest warrant against Pedro Miguel Gonzalez, who was allegedly involved in the attack in which U.S. soldier Zak Hernandez was killed and another U.S. soldier was injured on 10 June 1992.

Pedro Miguel Gonzalez, son of PRD [Democratic Revolutionary Party] legislator Gerardo Gonzalez, Roberto Garrido, and Daniel Batista have been charged with carrying out the aforementioned attack.

Duque Criticizes Ruling

PA2601173795 Panama City LA PRENSA in Spanish 26 Jan 95 p 2A

[Report by Lastenia Murillo Munoz]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[FBIS Translated Text] First Vice President Tomas Gabriel Altamirano Duque reported yesterday that judicial branch officials continue to persecute members of the current government "and refuse to follow the reconciliation policy of President Ernesto Perez Balladares."

The vice president made the aforementioned statements when he was asked about the new arrest warrant issued by the Second Superior Court of Justice Tuesday for Pedro Gonzalez, who is accused of killing U.S. soldier Zak Hernandez.

Pedro Gonzalez is the son of Gerardo Gonzalez, president of the Democratic Revolutionary Party, of which Altamirano Duque is a member.

"I do not know what the Superior Court of Justice based its request for the arrest of Gerardo Gonzalez' son on. What I do know is that despite the fact that the Panamanian people are tired of persecution, the court is maintaining this attitude... there is even a case against me," the vice president affirmed.

He warned that "some, not all" of the members of the judicial branch refuse to observe the president's reconciliation policy and "insist on persecution."

He added that there is no evidence against the son of Gerardo Gonzalez; "there is only an accusation."

Altamirano Duque explained that when someone is involved in something like this (a murder), there would have to be a trial and a determination based on the evidence at hand.

Accused Killer Turns Self In

PA2701013695 Panama City Telemetro Television Network in Spanish 2300 GMT 26 Jan 95

[Report by Julia Elena Alvear and Axel Rivera; from the "Telemetro Reports" newscast—passages within quotation marks recorded]

[FBIS Translated Text] Deeming that judicial terrorism ended on 1 September 1994, Pedro Gonzalez, accused of killing U.S. soldier Zak Hernandez, has turned himself in at the Presidency to face trial. Pedro Gonzalez will remain detained by the National Police.

Pedro Miguel Gonzalez, son of PRD [Democratic Revolutionary Party] Legislator Gerardo Gonzalez, has turned himself in to the authorities to face the justice system after the 2d Court, which is in charge of the case in which U.S. soldier Zak Hernandez was killed and (Ronald Tarral Marshall) was wounded, reissued an arrest warrant.

Accompanied by relatives and his lawyer, Carlos Carrillo, and after remaining at large for more than two years, Pedro Miguel Gonzalez has turned himself in to the president of the Republic, who has said he will guarantee his safety and integrity:

[President Ernesto Perez Balladares] "We are doing it here, because we have the responsibility of being guarantors of his life but also ensuring that a fair trial will be followed, a legal process based on the presumption of innocence."

His father, Legislator Gerardo Gonzalez, has said that he hopes a fair trial will take place and that improper matters will be eliminated from the investigation in this case:

[Gerardo Gonzalez] "We hope a true state of law will exist in Panama. We hope certain improper matters which were made during the investigations and which will emerge during this process will be erased. We believe the political circumstances that surrounded this situation allowed for a series." [sentence as heard]

Pedro Miguel Gonzalez, who did not reveal where he remained hidden, has said the actions taken by the U.S. Government were illegal, because it offered $100,000 for his arrest:

[Pedro Gonzalez] "We believe we will be able to neutralize the damage done to us from now on if a fair and honest trial without alterations takes place."

Concerning the incidents that took place on 10 June 1992, Pedro Gonzalez admits he knows the other two individuals involved in the case:

[Pedro Gonzalez] "I know the party members. I know some of them, almost all of whom are party members. They are members of the party in Chilibre.

[Unidentified reporter] "[Words indistinct]

[Pedro Gonzalez] "Of course not."

Pedro Miguel Gonzalez is accused, along with Roberto Garrido and Daniel Batista, of homicide, association to commit a crime, and injury to a minor.

In order to take action in this case, the fourth district attorney must be notified by the Judicial Technical Police.

According to other reports, it has been determined in the investigations that the real name of one of the individuals charged with the crime, who has claimed his name was Daniel Batista, is Amado Sanchez Ortega.

Meanwhile, one of the main fears of Pedro Gonzalez and his family is that the U.S. Government could initiate legal actions to try him in U.S. territory. We have more details in the following interview:

[Pedro Gonzalez] "I was one of the first to be surprised on 19 June 1992, when the pictures of a group of party members in Chilibre were published. I do not know why they signaled me out. The only thing I could think of—and that is something we have been saying all along, through my father, during these two years and seven months—is that there has been political influence in this matter."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Concerning the interest in manipulating the investigations of the murder of U.S. citizen Zak Hernandez, Pedro Gonzalez has said:

[Pedro Gonzalez] "It is evident the party that was opposed to the invasion and to the foreign military occupation was the PRD. After the incident and in view of the desperation of the members of the protected government to resolve the case quickly, they tried to kill two birds with one stone, first by trying to be in good standing with the Americans by saying we have the responsible ones here and using the case as a means of political pressure against the president of the party, who was opposed to the invasion, the foreign military occupation, and the government that emerged from that invasion."

Gonzalez has said he was involved in the murder because his family lives near the place where the incidents took place:

[Pedro Gonzalez] "In our case, many rumors were spread in Chilibre. They selected certain people following the incident, including us, of course. We lived in the area, in the same electoral circuit in which the incident took place. We still have not had access to the documents; we have not had an opportunity to defend ourselves. This was a legal mechanism which we considered immoral, given the judicial terrorism that was experienced by Panamanian patriots following the invasion. I believe that reason was why they charged us."

Asked about the fear he may be extradited to the United States, the son of the PRD president has said:

[Pedro Gonzalez] "It is well-known that the Panamanian Constitution does not allow the extradition of nationals. In addition, all types of pressures may emerge. I do not believe they could legally do it. It is a universal principle that no one can be tried twice for the same crime. I am turning myself in to the judicial authorities and hope the U.S. Government will respect the results of the judicial process here in Panama."

Following several years of remaining at large, what could have triggered Pedro Gonzalez to voluntarily surrender?

[Pedro Gonzalez] "Through companero Gerardo and our lawyers, we have said on several occasions we were willing to face a trial as soon as the conditions for us to be able to face the judicial process without disadvantages, distortions, and political manipulation of the case were given. These conditions had not been given until now."

Pedro Gonzalez has said he was hopeful the due process will be respected during the investigations:

[Pedro Gonzalez] "There is an old Panamanian saying that goes: He who has a clear conscious has nothing to fear. In this case, if the due process is respected from now on and if, in this case.... [pauses] Let us not talk about all the violations that were committed. If the due process is respected from now on, we believe we will be able to offset the harm done despite the negative image that was created on us before the national and even international public opinion, because, first, the truth is on our side, as well as historical reason. Now that we will confront the arguments of the opposing side, we will see what they have on hand.

[Reporter] "Who do you think is interested in or who do you think distorted the....

[Pedro Gonzalez, interrupting] "I believe it was a circumstance that arose from the moment. I cannot tell you who it was.

[Reporter] "Was it the previous government or an official working for the previous government?

[Pedro Gonzalez] "There were officials and investigators obviously working for the repressive apparatus of the state or the government that was installed after the invasion."

Gonzalez has said he does not know if some of the people who tried to manipulate the investigations into the crime are still working for the judicial system:

[Pedro Gonzalez] "The truth is I do not know. What I do know, however, is that we are willing from now on to judicially and politically face them through all possible means.

[Reporter] "Where were you during these two years?

[Pedro Gonzalez] "I believe that is a question I will not answer for many reasons."

Commerce Minister Views U.S. Proposal To Join GATT

PA2601233495 Panama City Telemetro Television Network in Spanish 1730 GMT 26 Jan 95

[Report by Axel Rivera; from the "Telemetro Reports" newscast—passages within quotations recorded]

[FBIS Translated Text] Panama is preparing to counter the recent U.S. proposal for the country to join GATT. According to the Panamanian negotiation team, the new U.S. proposal persist without any adjustments and is quite inflexible:

[Negotiator Ernesto Gonzalez] "There are several opportunities for negotiations, but there are points which are simply impossible to give up and which we are simply not going to give up; we simply cannot do so."

Even though details related to the new U.S. proposal were not disclosed, the fact that positions remained fixed means demands related to cuts in customs tariffs of up to 15 percent continue, contrary to Panama's interest in maintaining a 40-percent tariff on most goods:

[Commerce and Industries Minister Nitzia Villarreal] "We are trying in this regard to find common grounds

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

with the U.S. Government proposal in order to maintain those items we do believe should continue being considered items of exception."

Certain industrial sectors have expressed their concern over the likelihood the United States would continue with the same proposal, an action which could cause shocks to certain national economic sectors:

[Gonzalo Cambefort, president of the National Poultry Growers Association] "We believe there will never be a change of position as long as the government continues to make statements and recommend law proposals incorporating what the United States is demanding. They will demand more and more with each passing day."

In general terms, it was learned the United States contends the Panamanian counterproposal is distant from what is believed to be needed to join GATT:

[Villarreal] "In this respect, we will have to present a counterproposal that will most likely address those items such as raw materials that are not produced in Panama. We do not believe there would be any benefit for us to maintain steep tariffs."

Panama will carry out negotiations with several countries during February but will concentrate its efforts primarily on the United States, negotiations which are considered primary in order to join GATT.

New Cuban Envoy Comments on Relations, Rafters

PA2701023895 Panama City Circuito RPC Television in Spanish 2300 GMT 26 Jan 95

[Report by Hugo Enrique Famania from the "RPC Television News" newscast—passages within quotations recorded]

[FBIS Translated Text] Carlos Humberto Mas Zavala is the new Cuban ambassador to Panama following five years of minimum diplomatic relations between the two countries. His arrival comes at a difficult, international time for Cuba and during the imminent departure of Cuban rafters from Panama. Hugo Enrique Famania has talked to Mas Zavala about this and other issues:

[Famania] Mas Zavala is a 44-year-old doctor who is already working in the main office of the Cuban Embassy. He has said that the government of Guillermo Endara had decided to reduce the Cuban diplomatic presence in 1989 and that Cuba accepted the decision without becoming desperate over his changing his mind and due to the U.S. invasion of Panama:

[Mas] "It is well known the U.S. invasion of a Latin American country is very hurtful and painful for us."

[Famania] He has said Fidel Castro's absence from the recently held Summit of the Americas did not undermine this Latin American feeling, because Cuba participates in many forums. In his opinion, the decision made by the Clinton administration adversely affected the summit itself instead of proving that Cuba remains isolated due to a lack of democracy:

[Mas] "The forum itself was adversely affected, because our positions, opinions, and criteria could contribute to the development of any forum on integration issues."

[Famania] Commenting on the Cuban rafters, the ambassador has said his country is open and willing to welcome all those who decide to return, adding that hundreds of rafters have returned to Cuba so far and that the islanders lodged in Panama are also interested in returning:

[Mas] "Because the rafters are lodged at U.S. bases, the U.S. Government must conduct this type of negotiation with Cuba."

[Famania] What does a Cuban, a diplomatic Cuban, feel when he sees his compatriots, the rafters, going through such a situation as the one they are experiencing at the camps located along the banks of the Panama Canal?

[Mas] "It is quite painful from a human viewpoint. I could say it is rather unpleasant to see our compatriots being lodged in camps, subjected to countless limitations and hardships and separated from their families. Their hopes were truncated."

[Famania] He has held the United States responsible, however, for the episode through which the rafters had to live. Ambassador Mas believes this situation will have no bearing whatsoever on Cuban-Panamanian relations, which were reestablished recently at the ambassadorial level, but he has described the situation the rafters are living in Panama as delicate.

Report Finds No Justification for Detaining Coup Plotters

PA2601165195 Panama City Circuito RPC Television in Spanish 2300 GMT 24 Jan 95

[From the "RPC Television News" newscast]

[FBIS Translated Text] There is no legal justification for keeping the 10 military men allegedly involved in a plot to kill President Ernesto Perez Balladares under arrest.

The Special District Attorney's Office, headed by Rogelio Arosemena, continues to investigate an alleged plot to kill the president.

Things are taking new turns. There is talk now about the Government Ministry's refusal to provide information to the Special District Attorney's Office, and it has been said that the file on this case is incomplete.

The 65-page long file does not include sufficient evidence to order the arrest of any military man or civilian. Efforts are being made to secure information to clear up this case.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Begin Arosemena recording] We have decided not to provide information until the investigations have concluded and the results sent to the Attorney General's Office. [end recording]

Arosemena has made this decision because in recent days there have been commentaries and reports that are very far from the truth which could have an effect on the investigations.

There are Panamanians right now who are bewildered and wondering: How can 10 military men remain under arrest if there is no real evidence against them?

The Constitution and regulations of the extinct Defense Forces establish that public force commanders can punish and arrest subordinates without trial to frustrate insubordination or a riot or to penalize a disciplinary infraction.

[Begin former Attorney General Rogelio Cruz recording] I do not think the National Police can keep any subordinate under arrest in criminal cases such as those reported by the Government Ministry. [end recording]

Despite the lack of evidence, Rogelio Cruz did not deny the possibility that there was a plot against President Perez Balladares.

[Begin Cruz recording] The intention probably existed, but it became known by means of an intelligence report that unfortunately cannot be used to initiate a penal process. [end recording]

So far the file sent by the Government Ministry to the Attorney General's Office is missing some fundamental aspects, a situation that could force Special District Attorney Rogelio Arosemena to order the arrest [as heard] of the 10 police agents presumably involved in the plot.

Deputy Government Minister Martin Torrijos refused to comment on this case.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Bolivia

President: Narcotics Menaces State Structure

PY2601153795 La Paz Radio Cadena Nacional Network in Spanish 1100 GMT 26 Jan 95

[By Reporter Jorge Gimenez] [FBIS Translated Text] Like the wolf trying to eat Little Red Riding Hood, drug trafficking wants to swallow up Bolivia. For the second time in less than a week, President Gonzalo Sanchez de Lozada has once again admitted that the might of drug trafficking is threatening to make the entire state structure collapse. He said that the capacity of drug trafficking for resurgence and innovation makes preventive measures less effective every day.

Sanchez de Lozada stressed the enforcement of Law 1008, which is based on the eradication of coca crops, the alternative development, and the repression of criminal organizations. According to the president, these three basic elements are no longer sufficient, because the antinarcotics fight has stagnated. He said:

[Begin Sanchez de Lozada recording] We must fight for survival. We do not want to see anyone in Bolivia, nor a drug organization in Bolivia as it exists in other parts of the world, destroying this fragile miracle of Bolivia, a country with social peace, with democracy and [words indistinct]. [end recording]

The dedication of the first international conference on the Chapare region to discuss possibilities for agro-industrial development as an alternative to the coca economy was the stage for the president's pronouncements. During this conference, sponsored by the government and the United Nations, Sanchez de Lozada questioned the limited international cooperation toward drastically fighting drug trafficking. He said:

[Begin Sanchez de Lozado recording] If I could do as in a mass, passing the basket to receive contributions from all countries and from all institutions, at least minimum contributions, we would have had an important contribution to this [word indistinct], but we have realized that it is much easier and cheaper for other countries to criticize Bolivia, and help it do something that will so much benefit the countries that consume as well as those that produce drugs.

I have said it and I want to repeat it now: Drug trafficking is not the responsibility of others. It is the responsibility of Bolivia, because being a poor nation, poor institutionally and poor economically, it will be the first country to collapse to this terrible, very terrible and very dangerous activity which is drug trafficking and the consumption of drugs. [end recording]

The Bolivian contribution to the fight against narcotics is the most significant of all the countries producing and consuming drugs, and this will has been expressed in the social investment of the budget, the president said. He did not waste the opportunity to say that Bolivians have become drug consumers after having been the producers of the traditional coca leaf. According to the president, the drug trafficking network has tried to seize the economy, the institutions, and the political parties, but so far this aggression has found resistance.

Accused Trafficker Fights Extradition to U.S.

PY2601150795 La Paz Television Nacional Network in Spanish 0100 GMT 26 Jan 95

[FBIS Translated Text] To avoid his extradition, Faustino Rico Toro's lawyer has unearthed a decree issued in 1992. The decree, issued on 20 August 1992, and which is in full enforcement, states that charges made by foreign agents that are not duly accredited in the country have no value.

Rico Toro's lawyer, Yves Ortiz, today sent this decree, attached to a memorandum, to Sucre with the hope of winning over the four pending votes that will determine Colonel Rico Toro's extradition.

[Begin recording] [Ortiz] It is fully applicable to all the arguments of the defense when we assert that Agent Lee Lucas was acting illegally in Bolivia.

[Amalia Pando] He was never accredited.

[Ortiz] He was never accredited, and therefore, the Bolivian Foreign Ministry should have automatically rejected the U.S. Government's extradition request.

[Pando] According to this decree no charges made by an agent who is not accredited would stand in court. Is that right?

[Ortiz] Correct. This is what has been ruled by the Bolivian courts.

[Pando] When do you believe the Supreme Court will again review the Rico Toro case?

[Ortiz] Next week.

[Pando] I believe that right now there is a tie vote: four against four.

[Ortiz] The vote is tied. Four additional judges have been designated. They have accepted this appointment and have been sworn in. According to reports from Sucre, these people are studying all the pertinent files to issue their vote whenever they appear in court.

[Pando] Are the jurors who have already voted allowed to change their vote?

[Ortiz] No, not at all. They are not allowed to revise their vote.

[Pando] There is no revision of votes, that is, it is the four designate judges who will decide Rico Toro's fate?

[Ortiz] That is right. [end recording]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Faustino Rico Toro was arrested 10 months ago, and is still being held at the Special Antinarcotics Force [FELCN] headquarters in Cochabamba.

The U.S. Embassy has requested Rico Toro's extradition in view of a suit he is facing in the United States based on charges raised by Agent Lee Lucas, who was not officially accredited in Bolivia. Lee Lucas alleges that a third party informed him that while he was FELCN commander, Rico Toro met with a group of drug traffickers in Santa Cruz to plan a drug shipment to the United States.

Eight judges have already issued their vote on this case. Next week designate Judges Urquizu, Vilar, Gutierrez, and Cuellar will issue their vote. They will decide whether Rico Toro is to be released or extradited to the United States.

Brazil

Cardoso's Popularity Declines Over 'Lucena Effect'

PY2701021895 Sao Paulo O ESTADO DE SAO PAULO in Portuguese 26 Jan 95 p A4

[FBIS Translated Text] President Fernando Henrique Cardoso has had problems in his relations with Congress since the drafting of a bill granting amnesty to Senator Humberto Lucena (PMDB-PB) [Brazilian Democratic Movement Party-Paraiba State]. These problems have provoked a decline in the people's confidence and support for the president of the Republic. This conclusion drawn about the "Lucena Effect," as the number of problems Cardoso is having with Congress has been called, is part of a survey on the new administration's first month in office conducted by InformEstado 23-24 January in the city of Sao Paulo.

Compared to a previous InformEstado survey conducted in December, a week before Cardoso's inauguration, the percentage of those who totally or partially support the president has dropped from 96 percent—which virtually entails unanimous support—to 89 percent. The percentage of "optimists" has dropped from 59 to 49 percent. The percentage of those who are "very optimistic" has dropped from 18 to 10 percent. Meanwhile, the percentage of those who claim to be "pessimistic" has climbed from 6 to 9 percent, and that of those being "very pessimistic" from 1 to 5 percent.

According to InformEstado, the causes for the erosion of Cardoso's prestige originated in Congress. The people were upset by the amnesty bill for Senator Lucena approved by Congress—a bill which Cardoso will either have to sign or return to the Senate for promulgation—at the same time in which Cardoso announced that he would veto the increase of the minimum wage from 70 reals [R] to R100 monthly. Ignoring the president's warning that this increase would open a huge hole in the social security system and that it would have an adverse impact on the Real Plan, Congress approved the minimum wage increase a week ago.

According to 87.6 percent of those polled, Cardoso should veto the bill granting amnesty to Lucena. Similarly, 85.6 percent believe he should not veto the new minimum wage bill. The wage increase is supported by low income segments making as much as 10 minimum wages (92.5 percent), as well as by a major share of those having a family income surpassing 20 minium wages (81.9 percent).

Those polled also expressed their irritation at the increase granted to servants of the three branches of government, at the creation of two additional annual wages for congressmen, and at the increase to R8,500 monthly of the president of the Republic's salary. In this case, Cardoso will not even be able to veto the decision because it was made through a legislative decree.

According to 81.2 percent of those polled, the president should have opposed these salary changes, while 13.1 percent believe he should not interfere with a congressional decision and 5.7 percent considered the increases to be fair.

In this survey, InformEstado interviewed by telephone 388 residents of the city of Sao Paulo in the 16-65 age bracket. The survey was divided by sex, age, education, family income, and candidate for whom the polled individual voted in the 1994 elections. Of those polled, 69 percent voted for Cardoso, 14 percent voted for Lula, and 17 percent voted for other candidates.

Operation Rio Forces Traffickers To 'Diversify'

PY2701001095 Rio de Janeiro O GLOBO in Portuguese 26 Jan 95 p 13

[FBIS Translated Text] Besieged by military forces, drug traffickers have found it necessary to diversify their criminal activities. Thus, in addition to an intensification of the disputes over drug sale points, the number of kidnappings and of bank and cargo truck holdups has increased. General Euclimar Lima da Silva, the Rio de Janeiro public security secretary, has admitted that the above crimes have increased as a result of the military action. Gen. Da Silva noted, however, that this consequence had been anticipated by the formulators of Operation Rio.

Da Silva said: This is proof that Operation Rio is provoking cyclical changes. Pressured and bereft of resources, drug traffickers are moving into other areas to obtain resources. Scared by the military presence in the slum hills, they descended to the city and are now operating on the streets. Today, they are perpetrating kidnappings, and cargo truck holdups. Yesterday, they were perpetrating bank holdups. The most significant increase observed has been in the number of kidnappings.

The public security secretary believes that the war that erupted among gangs of traffickers over drug sale points

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

had been provoked by the departure of the military forces from the hills. Following the military exit, rival gangs are taking the opportunity to try to take control of the points previously occupied by Army troops.

Gen. Da Silva added: Army forces cannot be permanently stationed in a particular slum area. Following the departure of the military forces, and in light of the casualties sustained by some gangs, rival gangs decided to try to take control of the area.

Of the 13 kidnapping cases reported by the Counter-Kidnapping Headquarters (DAS), six occurred this year. The latest victim was Dr. Ivan Lengruber, who was kidnapped yesterday. In some of the cases investigated by DAS personnel, the kidnappers stopped contacting the respective family, while in others the DAS was simply kept out of the negotiations by the relatives. The latter is the case with businessman Joao Antonio Queiroz Galvao, who was kidnapped by criminals in Botafogo on 13 January.

Residents of houses located on Felix da Cunha St. have been forced to change day and night. Those who can do so sleep during the day. At night, everyone hides in the back of their residences to protect themselves against stray bullets produced by the war that broke out among rival gangs of drug traffickers in the slum hills of Salgueiro and Chacrinha, which are located at the end of the road. Led by 24-year-old Maricio dos Santos, aka Na, who is linked to the Third Command, traffickers of Salgueiro invade the slum at around 2000 to engage in shootouts with rivals of Chacrinha, who are linked to the Red Command.

A resident of Felix da Cunha St. said: My husband, my children, and I go to the back hall every night until everything is over.

Editorial Urges Police Action

PY2701010495 Rio de Janeiro JORNAL DO BRASIL in Portuguese 26 Jan 95 p 8

[Editorial: "Nothing Will Be Like It Was Before"]

[FBIS Translated Text] There was a two-month truce in the Rio de Janeiro hills, during which traffickers' gangs quieted down, while the Eastern Military Command imposed its authority. The myth of unconquerable ghettos was broken. The bandits hid. The population felt at ease.

The first phase of Operation Rio has been fulfilled. The fact that some gangs are again fighting each other, resuming bloody disputes that spread to neighborhoods, shows that it is necessary to pass on to the next phase.

It is now time for the police to take action, to tirelessly fight organized crime at the site where events are taking place. The Armed Forces, which took over the hills and removed traffickers, showed the way. It is now necessary to neutralize the threat that traffickers will return after the departure of soldiers.

There was a timid reaction in the ghettos. Residents of nearby areas reported shoot-outs, over the past few days, in Copacabana (Morro dos Cabritos and Ladeira dos Tabajaras), Botafogo (Dona Marta), Tijuca (Chacrinha), Ramos (Alemao complex), and Santa Tereza (Prazeres). The picture is the same. There are again shoot-outs, stray bullets hit residences, entire buildings are hit any time during the day or at night, while frightened residents can only seek refuge in bullet-proof rooms. A new feature is the use of tracer bullets, like those used in the Persian Gulf war, which leave a reddish track or trace in the air.

As usual, traffickers want to impress people, and they want to appear as modern combatants in an inglorious war in which drug addicts are always the losers. On 24 January, a drug trafficker's body was found lying on Santa Clara street, one of Copacabana's most important streets. On 25 January the military police invaded the hill and killed three bandits at Ladeira dos Tabajaras.

The authorities, however, should not be deceived. The war against drug trafficking is serious and will not be won in a few months. The Army came to stay until the police are ready to fulfill their duty, purged of those who are corrupt, lazy, and opportunist, those who complain and those who exterminate. The obstinacy of traffickers, who have clashed among themselves only two months after they were compelled to put down their arms, shows that they do not deserve any confidence at all, and that they should be relentlessly fought. The shoot-outs have created an atmosphere of terror in Rio de Janeiro. Over the past three years, stray bullets hit 50 people, of whom 13 died, while two girls were paralyzed.

Imagine the horror in the ghettos, where traffickers exercise a protective dictatorship, in which residents are submissive and the old police are accomplices, because they have never done anything to end the scandal of organized crime. Before fear once again settles in the city, and before people feel unable to seek refuge even in their own homes, they must know that the police will be revitalized and that policemen will be on the streets to fulfill their duties.

The formula of Governor Marcello Alencar, that "bad policemen will be dismissed, but the good ones will have to be acknowledged by the police," has never been so timely. It has to be put in practice, before the shoot-outs between gangs again turn Rio de Janeiro upside down.

Pareci Indians Kill 2 'White Men' in Mato Grosso State

PY2601193395 Sao Paulo AGENCIA ESTADO in Portuguese 2212 GMT 25 Jan 95

[FBIS Translated Text] Porto Alegre, 25 Jan (AE)—Two white men have been killed in a clash with Pareci Indians in the interior of Mato Grosso State. The incident was

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

reported at Restinga Seca, in central Rio Grande do Sul State, by the victims' family. Those killed were Adroaldo Ferreira, 48, and his son Adriano, 24. According to the family, the two were attacked with clubs and arrows by eight Indians when these found them in indigenous territory. The clash occurred on 21 January near the village of Juininha, 70 km from the county of Pontes de Lacerda.

According to the Porto Alegre radio station RBS-TV, which reported the incident tonight, Adroaldo's former wife Gloria and one of his sons, Cassiano, are in Pontes de Lacerda trying to find out what happened. Adroaldo, who works for the National Social Security Institute in Porto Alegre, had earlier lived in Pontes de Lacerda and owned land near the indigenous village. Adroaldo's son Adriano was a minor court official in Mato Grosso.

Tadeu Lemos, one of Adroaldo's relatives, recalled in Restinga Seca that so far the only available information on the episode was the Indians' report. The Indians told National Indian Foundation employees that the Ferreiras had been armed and had shot at the group that finally killed them.

Correction to Church Leader Views Catholic Network

PY2501202295

The following correction pertains to the item headlined "Church Leader Explains Catholic TV Network," published on 25 January Latin America DAILY REPORT, pages 38-40:

Page 40, column one, third paragraph, only sentence make read:...like Globo and SBT [Brazilian Television System], which have programs...(correcting expansion of "SBT")

Chile

Insulza: U.S. Court Ruling on Grapes Case 'Unfortunate'

PY2601204995 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 26 Jan 95

[FBIS Translated Text] In a very tight vote, the Philadelphia court ruled in favor of the United States in the suit raised by Chilean exporters in the poisoned grapes case.

In this regard, Foreign Minister Jose Miguel Insulza said that this ruling does not mean that the legal case is over.

[Begin recording] [Insulza] Yes, it is true that was the ruling, but the voting was six to seven against Chile. This ruling is of course unfortunate because a different ruling would have been a great help to achieve a solution to the problem. Nevertheless, it is not the end of the case, and we will continue to work on it.

[Unidentified reporter] Is this the last legal step available?

[Insulza] No, not at all. It will be up to Chilean exporters to decide whether they want to appeal this ruling, but it is not for the government to say. The government will support them, but it is not for us to decide this.

[Reporter] What policy will be followed at the government and bilateral level?

[Insulza] We will continue to follow the same policy.

[Reporter] Will you insist on summoning the Bryan Commission?

[Insulza] No, not yet. This is not in the plans, but we may study this possibility in the future. [end recordig]

Canadian Prime Minister, Delegation Continue Visit

Minister: Country 'Ready' To Join NAFTA

PY2701012795 Madrid EFE in Spanish 1429 GMT 26 Jan 95

[FBIS Translated Text] Santiago, 26 Jan (EFE)—Canadian International Trade Minister Roy MacLaren has reiterated that Canada strongly and enthusiastically supports Chile's entry into the North American Free Trade Agreement (NAFTA) and emphasized the Chilean solid economic situation.

MacLaren is included in the entourage of Canadian Prime Minister Jean Chretien, who will today end a 48-hour official visit to Chile.

MacLaren said that Chile, through its structural reforms and economic program, "has taken the lead" to become the next country to join NAFTA—which consists of the United States, Mexico, and Canada.

MacLaren believes that Chile "is ready" to become very soon another NAFTA member. He said that Chile's entry should be viewed as an association to make common efforts, because the important thing is "to truly create trade, and not simply direct it toward other destinations."

The Canadian minister noted that there are no environmental hurdles for Chile to join NAFTA and that the Chilean legal system is consistent with NAFTA's objectives.

NacLaren and Chilean Finance Minister Eduardo Aninat attended a working meeting with nearly 180 Canadian businessmen, who are also part of Chretien's entourage.

In his remarks to the Canadian businessmen on the Chilean economic situation, Aninat said hemispheric integration is the great Chilean cause and stated that the

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Chilean economy is prepared to further the commitments it has assumed through the Uruguay GATT Round, as well to assume other commitments to join NAFTA soon.

Canada ranks second in terms of foreign investment in Chile, behind the United States, with completed investments totaling $1.2 billion and planned investments totaling $3.520 billion, all of which is concentrated primarily in the mining sector.

On the first day of Chretien's visit, the Canadian businessmen and institutions and their Chilean counterparts signed 36 agreements whereby 33 Canadian companies committed themselves to invest an additional $1.2 billion, primarily in mining and energy projects.

Frei, Chretien Hold News Conference

PY2601230295 Santiago Television Nacional de Chile Imagen Internacional in Spanish 1700 GMT 26 Jan 95

[FBIS Translated Text] President Eduardo Frei and Canadian Prime Minister Jean Chretien stated that if Chile joins NAFTA, there are great prospects for Chilean development.

During a joint news conference, the two chiefs of state stressed the internationalization of the world economy.

President Frei said that, in the NAFTA negotiations, Chile will discuss all necessary safeguard measures to avoid a negative impact in some Chilean economic areas.

[Begin Frei recording] As I have already said, in all agreements that are achieved, we seek to achieve a fluid trade, but always on the basis of respect for the individual needs of each country. No one wants to destroy national industry or agriculture. [end recording]

During Jean Chretien's last day in Chile, a series of bilateral agreements were signed. This is in addition to the business agreements signed yesterday totaling $1.2 billion.

Colombia

Prosecutor General Assesses Talks With U.S.

PA2601150895 Santa Fe de Bogota Emisoras Caracol Network in Spanish 1200 GMT 26 Jan 95

[Interview with Prosecutor General Alfonso Valdivieso Sarmiento by unidentified reporter; place and date not given—live or recorded]

[FBIS Translated Text] [Reporter] The U.S. Government has reaffirmed its decision to continue cooperating with the Colombian courts by sending evidence to supplement cases against people who are being investigated by judges in the country. Mr. Prosecutor General Alfonso Valdivieso Sarmiento, what is the balance of your talks with U.S. authorities?

[Valdivieso Sarmiento] We have held meetings with various U.S. Government authorities within the framework of a periodic evaluation of judicial cooperation. To that effect, I think we have made some progress. The exchange of information on the evolution of such cooperation is more fluid, and from that viewpoint, the actions we have taken are positive.

Likewise, in the field of multilateral cooperation, we have been meeting with international agencies such as AID and the IDB [Inter-American Development Bank] to evaluate all current projects such as support actions for the Prosecutor General's Office and the judicial branch in general.

I think Colombia has shown...[pauses] is one of the countries where changes in the field of justice entail, so to speak, the solidarity of multilateral agencies of cooperation. At the same time, they lead to great expectations. We have a commitment to show that the changes made by the Constituent Assembly will yield better judicial results.

[Reporter] Sir, at any time was uncertainty voiced regarding the deficiencies in the implementation of the surrender policy?

[Valdivieso Sarmiento] I think this is a diagnosis of the Prosecutor General's Office that has been shared by Colombian authorities, and, I would say, by the international community. This surrender policy has some limitations. From that viewpoint, I am absolutely convinced that we must regain the confidence we have lost so we can guarantee the appropriate conditions for the bids we have announced.

[Reporter] As Colombia's partner in this international struggle against drug trafficking, does the U.S. Government also believe that these adjustments can be made?

[Valdivieso Sarmiento] Yes, I think the U.S. Government has great expectations that we can regulate the implementation of the surrender policy. Actually, I think we have reached the point where we can acknowledge that we did not have the appropriate conditions for trusting the results of the surrender policy. Now, it is important that the commission that has been formed by the government with the Supreme Court of Justice, the Attorney General's Office, and the Prosecutor General's Office will be able to yield the results that will guarantee the implementation of the policy in the sense that adequate penalties will be established, benefits will not accumulate, and minimum sentences will not be issued. In general, the surrender policy must be applied specifically to certain criminal activities such as those resulting from narcotics trafficking, but this must not lead to a new kind of pardon or immunity. There must be judicial actions that lead to penalties in accordance with the gravity of the social offense.

[Reporter] Dr. Valdivieso Sarmiento, did you discuss with U.S. authorities the subject of extradition that you

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

have mentioned as one of the various alternatives for coping with these failures in the surrender policy?

[Valdivieso Sarmiento] The subject was brought up several days ago by the U.S. secretary of state himself. Within this framework, I brought up the subject in response to the possibility that there is no solution to the inability to adequately implement the surrender policy. I think it is very important and positive that this subject was discussed. Naturally, we expressed the hope that the process of international cooperation will have alternatives, options, and possibilities that are different from the results themselves of the surrender policy.

[Reporter] In other words, they are not ruling out that alternative?

[Valdivieso Sarmiento] Yes, but it has been brought up that it is obvious and elementary that there is a constitutional provision in Colombia, and it would be a complex process to establish that penalty. Above all, we are guiding our efforts to guarantee and ensure that the policy will work out well and that it will be implemented.

Botero: Trafficking on Decline in San Andres

95WD0168X Santa Fe de Bogota EL TIEMPO in Spanish 14 Jan 95 p 6A

[FBIS Translated Text] Yesterday, Defense Minister Fernando Botero Zea claimed that the government's operations to combat the drug traffic in the Department of San Andres, Providencia, and Santa Catalina "have eliminated, or at least reduced" that activity.

Botero gave a detailed explanation of these operations which, he remarked, are to be carried out in both the long and short term. He stressed that the story of the illicit activities on the island originated in a disclosure made by his ministry in October 1994, during the Security Council meeting held there, based on military intelligence and police reports.

He explained: "At that Security Council meeting, two types of measures were adopted. The short-term ones were the following: The police and the Marine Air Force were assigned the very clearly defined responsibility for control of the airport. A port control system was developed by the Harbormaster's Office, and the National Navy was given the assignment of fully recovering control of the adjacent territorial seas."

Botero Zea noted that these measures "were implemented starting in October, with great success. The government feels confident that the illicit operations have either been eliminated or drastically reduced, based on that Security Council meeting and the subsequent measures adopted."

As for the long-term measures, he indicated that a plan was devised leading to the creation of a coast guard station on San Andres and Providencia. Its mission will be to curb the illicit drug traffic.

The minister declared: "That plan has been designed to be carried out in 18 months. The required financing is being sought, and the necessary military adjustments are being made; but it is under way. That is the truth about the San Andres situation."

'Operation Neblina' Nets 197 Tons of Chemicals

95WD0168B Santa Fe de Bogota EL TIEMPO in Spanish 15 Jan 95 p 18A

[FBIS Translated Text] In what constituted the first blow dealt this year to the organizations engaged in diverting chemical components for illicit drug processing, and the second most important in this aspect of the battle against the drug traffic, the Counternarcotics Police seized over 197 tons of precursors used to produce cocaine and heroin.

According to the official report, during the course of "Operation Neblina [Fog]," five raids were conducted, in Bogota, Barranquilla, Medellin, Cali, and Pereira, at the facilities of the Flamingo Chemical company.

The police operation, headed by the Counternarcotics Division chief, Colonel Leonardo Gallego, was executed based on the terms of Resolution No. 0005, of 10 January 1995, issued by the National Narcotics Directorate. Through this resolution, the certifications of absence of records for drug trafficking were cancelled for the Flamingo Chemical firm.

The components confiscated from that company would have sufficed to process approximately 14 tons of cocaine.

Moreover, during the raids two persons were captured, and two vehicles were seized as well.

All the confiscated products are substances the entry of which into the country is controlled by the National Narcotics Directorate.

Nevertheless, no information was given on the reasons that prompted the government agency's decision to suspend the Flamingo Chemical firm's certifications of absence of drug trafficking records.

Included among the chemical components seized were acetone, ethyl acetate, methanol, butyl acetate, toluene, sodium carbonate, butanol, methyl-ethyl-ketone (MEK), and thinner.

This is the second most significant operation carried out by the Colombian authorities against the chemical cartel.

Ten months ago, also at the decision of the National Narcotics Directorate, the most severe blow dealt by the country to date in this aspect of the battle against the drug traffic was achieved, when over 900 tons of chemical components were seized.

Confiscated in particular on that occasion was the substance known commercially as MEK, methyl-ethyl-ketone, with which the illicit drug producers had

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

replaced acetone in the final cocaine crystallization process, when the latter substance began to be controlled. Appearing among the substances seized in "Operation Neblina" was toluene, a chemical used to process heroin, a drug now being produced in Colombia.

Ecuador

Foreign Minister Concedes Protocol With Peru Valid

PA2601213295 Paris AFP in Spanish 1612 GMT 26 Jan 95

[FBIS Translated Text] Quito, 26 Jan (AFP)—Ecuadoran Foreign Minister Galo Leoro conceded today the Rio de Janeiro Protocol of Peace, Friendship, and Borders his country signed with neighboring Peru to establish the binational border "is valid." He said the Protocol "shortcomings" have caused incidents.

Ecuador and Peru signed that Protocol in 1942 following an armed conflict. When a large part of the area had been demarcated in the Amazon region, the Ecuadoreans stated the unfeasibility of the Protocol and later its nullity, because it is not entirely in keeping with the geography of the region according to local experts.

The Peruvians uphold the validity of the Protocol, which was also endorsed by Argentina, Brazil, Chile and the United States.

Leoro said the Rio de Janeiro Protocol "remains valid, because the current situation makes it valid," adding "all the incidents that have taken place and are still taking place along the border are occurring due to that reality."

Leoro replied when asked by a national television newscast whether the Protocol was valid: "It is in effect regardless of all the incidents that may follow and as long as they cannot be resolved."

"Validity is one aspect, and the fact that it may or may not be valid, that it is unfeasible, among other points, is another aspect," he said.

He also said Peru's intention to maintain the theory of the Protocol, which is contrary to the Ecurdoran point of view on the geography and reality, is the "core of this serious problem."

Leoro said last night he talked again on the telephone with his Peruvian counterpart, Efrain Goldenberg. He asked Goldenberg once again to help put an end to the border incidents.

He said Peruvian diplomatic authorities "are still willing (to resolve controversies), but I believe Peru should make a more significant effort to avoid, once and for all, the problems we have been experiencing."

"They have not told me in a diplomatic fashion this is the end of the matter. They have told me instead to continue talking, and that attitude makes me feel somewhat concerned, from the diplomatic point of view, because we could immediately bring an end to this matter in the spirit of peace and agreement ," Leoro added.

Duran-Ballen Views Border Dispute With Peru

PA2601225495 Madrid EFE in Spanish 1853 GMT 26 Jan 95

[FBIS Translated Text] Quito, 26 Jan (EFE)—Ecuadoran President Sixto Duran-Ballen said today his country is known internationally for wanting "peace above any other gain" and asked the governments of Argentina, Brazil, Chile, and the United States to help end the military tension along the Ecuadoran-Peruvian border.

According to a communique from the State Communications National Secretariat [Senacom], Duran-Ballen said "Ecuador has always been known for being peaceful. We want peace above everything else."

Senacom added "Ecuador has affirmed its interest in the intervention of the four guarantor countries of the Rio de Janeiro Protocol (Argentina, Brazil, Chile, and the United States) to find a solution to the latest incidents along the border with Peru."

A border section between Ecuador and Peru in the Amazon region does not have border marks established in the Rio de Janeiro Protocol, a border agreement signed in 1942. That border region is the site of a tense binational military situation following an 11 January skirmish and charges of Peruvian helicopter flights over the rear guard of Ecuadoran military positions in recent days.

Ecuador has viewed the protocol as "null" and "unapplicable" since 1960 and argues the document mentions border spots that do not exist.

After stating his "concern over border interests," Duran-Ballen reiterated Ecuador has no proposal other than a dialogue to clearly discuss the border issue," Senacom reported.

The Ecuadoran appeal to the guarantor countries, previously described by Quito as "friendly nations" so as not to grant the Protocol the full validity Peru does grant, has been interpreted by Lima as an Ecuadoran acknowledgment of that document.

This week, Duran-ballen met with the ambassadors of the four guarantor nations accredited to Quito, and Ecuador's ambassadors to Buenos Aires, Brasilia, Santiago de Chile, and Washington met with Foreign Ministry and State Department officials in those capitals.

Ecuadoran Foreign Minister Galo Leoro has confirmed Duran-Ballen spoke by telephone in recent hours with his Peruvian counterpart, Alberto Fujimori, but did not reveal what was discussed.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Diplomats of the guarantor countries made public in Brasilia today a communique urging Ecuador and Peru to maintain the dialogue and avoid the worsening of tensions.

The Brasilia communique adds: "In recalling the progress made in the recent past with regard to understandings between the two countries, the guarantor countries with satisfaction take note of the disposition publicly stated by Ecuador and Peru to favor a peaceful solution.

It adds: "The guarantor countries, interested in continental peace and the principles of inter-American coexistence, reiterate their offer to contribute in the most adequate way to quickly overcome the friction generated by the current situation."

Duran-Ballen, Fujimori Discuss Dispute

PA2701052595 Mexico City NOTIMEX in Spanish 0442 GMT 27 Jan 95

[FBIS Translated Text] Quito, 26 Jan (NOTIMEX)—Today, the presidents of Peru and Ecuador held a telephone conversation to discuss the recent territorial friction between their two countries, Foreign Minister Galo Leoro Franco said.

The foreign minister said, without disclosing the content of the conversation, President Sixto Duran-Ballen and his Peruvian counterpart, Alberto Fujimori, talked about the recent incidents along a undemarcated zone along the common border.

The telephone conversation took place hours after the Fujimori government denied Peruvian Air Force helicopters had violated Ecuadoran sovereignty, as Ecuadoran National Security Council had affirmed.

The Peruvian Foreign Ministry has stated in Lima the Peruvian Armed Forces are conducting its surveillance and supply tasks in Peruvian territory, within the limits established by the 1942 Rio de Janeiro Protocol.

The countries (Argentina, Brazil, Chile, and the United States) that are guarantors of the Protocol, which was signed after the 1942 Ecuadoran-Peruvian war, have been advised of the current border situation and have urged both countries to maintain peace.

Peru and Ecuador still have not marked 78 km of their border in an area known as Cordillera del Condor, which has triggered two clashes in 53 years. The previous one occurred in 1981.

The Peruvian Defense Ministry denied on 26 January it has decreed a "state of alert" at the border with Ecuador. It maintained, however, the Armed Forces "are ready" to defend the national territory and sovereignty.

Ecuador Confirms Clash

PA2701070695 Hamburg DPA in Spanish 0622 GMT 27 Jan 95

[FBIS Translated Text] Quito, 27 Jan (DPA)—Ecuador confirmed early this morning (local time) that Ecuadoran and Peruvian military patrols clashed on the night of 26 January in the border area known as Rio Cenepa in Ecuadoran territory, "with no reports on the results of the clash."

According to the official Quito Government report, the clashes, the climax of several days of serious border tension, took place as a Peruvian border patrol infiltrated Ecuadoran territory in the middle of the Amazon jungle.

Ecuadoran and Peruvian patrols had clashed previously on 11 January in Ecuadoran territory. Following this incident, the governments of Quito and Lima launched mutual accusations over uncommon air incursions in their respective countries.

According to diplomatic sources, the Peruvian Armed Forces are reportedly trying to occupy the source of Rio Cenepa to force Ecuador to close its border on the summits of the Condor Mountain Range on km 87, which has not been delimited due to the errors contained in the Border Protocol of 1942.

Peru has control over the entire course of Rio Cenepa, except the source, which would explain its strategic importance.

Ecuador and Peru maintain an old border conflict that forced the United States, Brazil, Argentina, and Chile to intervene as the four guarantors of the 1942 Protocol, to ask for an immediate reduction of tensions along the border.

According to the communique released by the Ecuadoran Government this morning, "diplomatic actions are already being implemented as required, in this case in order to prevent the situation from worsening."

Army Chief: Peruvian Military Intercepted

PA2701101295 Paris AFP in Spanish 0937 GMT 27 Jan 95

[FBIS Translated Text] Quito, 27 Jan (AFP)—In Quito the morning of 27 January, General Victor Bayas, joint chief of staff, told AFP a Peruvian military patrol was intercepted in Ecuadoran territory, resulting in a clash.

The military chief issued a communique explaining that the clash took place at the intersection of the (Tiwintza) and Cenepa Rivers, which is a rugged and mountainous area that has yet to be demarcated along the Ecuadoran-Peruvian border.

The document failed to mention, however, an alleged attack on a Peruvian sentry post perpetrated by an Ecuadoran helicopter. This is an incident which reportedly took place during the last few hours in the hamlet of Tumbes and which the Lima government reported through an official communique.

[Madrid EFE in Spanish at 0946 GMT on 27 January in a similar Quito-datelined report adds: "The communique added that the Armed Forces are carrying out a

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

security operation along the border' and that the government 'is implementing the diplomatic actions required by this case in order to prevent the situation from worsening.'"]

Armed Forces Joint Command Issues Bulletin

PA2701151095 Quito Voz de los Andes in Spanish 1431 GMT 27 Jan 95

["Official bulletin" issued by the Armed Forces Joint Command on 27 January; place not given]

[FBIS Translated Text] The Armed Forces Joint Command hereby reports that at 1800 on Thursday, 26 January, a Peruvian patrol that had infiltrated the confluence of the Tihuinza and Cenepa Rivers, which by history and right remain under the possession and control of our Army, was intercepted, and it repelled the attack by the Ecuadoran Army forces patrolling the area.

The site of the incident is inside Ecuadoran territory. The Ecuadoran Army has not reported any casualties among its forces as a result of the military encounter that took place late yesterday afternoon.

Communique: Army Ready, Willing

PA2701163595 Madrid EFE in Spanish 1508 GMT 27 Jan 95

[FBIS Translated Text] Quito, 27 Jan (EFE)—The Ecuadoran Armed Forces "are ready and willing to sacrifice everything to prevent a new dismemberment of the fatherland" by Peru, according to a communique issued today by General Victor Bayas, chief of the Joint Command.

The document, disclosed by the Press Secretariat of the Ecuadoran Presidency, adds that the incursion of Peruvian troops into territories claimed by Ecuador represents a "new attack" that "confirms the treacherous intentions of the neighbor to the south to trample on national honor."

After making a call "to all sectors in the country to face the situation that will allow us to hand down a future of dignity," Bayas reiterated that after a Peruvian patrol was "intercepted and its attack repelled," no casualties have been reported among his troops.

The incident took place on a stretch of the common Amazon border which lacks the border markings established by the Rio de Janeiro Protocol, signed by both countries in 1942, a year following a war that entailed for Ecuador—according to its Foreign Relations Ministry—the loss of a large part of its Amazon territory, including its direct access to the Amazon River.

Ecuador has charged since 1960 that the border markings referred to in that Protocol, and which should have demarcated the area where the conflict is occurring, do not exist in geographic reality, therefore, Ecuador termed this Protocol "null" and "inapplicable," though it did not contest its validity, Foreign Relations Minister Galo Leoro said in recent days.

Congress Suspends Legislative Sessions

PA2701131595 Quito Voz de los Andes in Spanish 1200 GMT 27 Jan 95

[From "The Voz Andes Newscast"]

[FBIS Translated Text] Congress President Heinz Moeller has suspended legislative sessions in light of the conflict with Peru. Moeller stated that the suspension will force legislators to seek viable alternatives for solving the border crisis.

Council, Forces in Permanent Session

PA2701130995 Quito Voz de los Andes in Spanish 1200 GMT 27 Jan 95

[From the "The Voz Andes Newscast"]

[FBIS Translated Text] The National Security Council and the Armed Forces Joint Command are in permanent session. Spokesmen for these sectors said they met throughout the night in the presidency to exchange ideas on reinforcing national defense and dismantling any sort of Peruvian infiltration.

The Ecuadoran Armed Forces Joint Command said that an armed border clash with Peruvian soldiers resulted in no casualties among Ecuadoran Army soldiers. The official communique states that at 1800 on 26 January, a Peruvian patrol infiltrated the Cenepa River, which historically and legally has remained under the control of our Army. The Peruvian patrol was intercepted and its attack repelled by Ecuadoran Army forces patrolling the area. The place where the incident took place is inside our territory. The official communique adds that no Ecuadoran Army casualties have been reported from yesterday's military clash.

Meanwhile, Peru said an Ecuadoran helicopter attacked one of the Peruvian border surveillance posts, while Ecuador stated that soldiers from both countries clashed near the disputed border. The Peruvian Government said an Ecuadoran helicopter bombed a Peruvian surveillance post approximately 4 km from the border on Thursday afternoon but did not specify whether there were any casualties.

For its part, the Ecuadoran Government, in a communique released in Quito, said a Peruvian patrol infiltrated Ecuadoran territory yesterday and that an armed clash ensued. The Ecuadoran Armed Forces said the clash took place at 1800 in the Cenepa River, which historically and legally has remained under the possession and control of our Army.

Committee Appeals for Unity

PA2701131095 Quito Voz de los Andes in Spanish 1207 GMT 27 Jan 95

[From "The Voz Andes Newscast"]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[FBIS Translated Text] The Amazonian Affairs Committee has issued an appeal to Ecuadoreans urging them to unite to face the current situation. Deputy German Mancheno has insisted that the nation's sovereignty is being threatened by Peruvian military forces.

[Begin Mancheno recording] We invite the National Congress legislators to unite for the defense of our national sovereignty and to support the Amazonian region, which is the lookout post of our national territory.

We urge the Ecuadoran people to set aside all interests and unite to demand respect for our sacred rights, to support all our assets and the national authorities, and express their support for the military authorities.

We demand permanent unity to achieve national goals and support the region rather than a casual reaction to the provocation. [end recording]

Deputy Describes Situation

PA2701152595 Quito Voz de los Andes in Spanish 1200 GMT 27 Jan 95

[Telephone interview with Morona-Santiago Province Deputy German Mancheno by anchorman Marco Antonio Bravo; Mancheno's location not given; from the "Voz Andes Newscast"—live]

[FBIS Translated Text] [Bravo] We will now talk with Deputy German Mancheno to review the issue that is worrying all Ecuadoran people, meaning the border issue. As you recall, Deputy Mancheno was the first to report, some time ago, the Peruvian Army's raids and the problems they caused on our border. The Amazonian Affairs Committee has issued an appeal, which we reported earlier in this newscast, but what is the latest information you can give us for Ecuadoreans who have just tuned in?

[Mancheno] Information I have received from the province over the last two days indicates that the Maca airport was completely militarized. Warplanes and transportation airplanes, which supply ammunition and all military materiel, have been concentrated at the airport. Military outposts on the southern border, meaning the Coango-Cenepa zone, are receiving their supplies from this airport.

[Bravo] How long has this activity been going on at Maca airport?

[Machano] This is a constant activity, and it has increased over the last two days. Activities dealing with warplane flights decreased somewhat yesterday, but it was constant prior to that.

[Bravo] To what extent are the people in Maca, meaning the Amazonian region, prepared to face a challenge like this?

[Mancheno] I am pleased with the attitude of the civilian population, particularly in Maca, and Morona-Santiago Province. There is no fear; there is no terror like in 1981. This time there is a consensus and determination among the people to settle this border problem once and for all. The civilians are prepared for anything and are organizing themselves. Civilians will hold a large-scale gathering tomorrow to properly organize themselves to face any situation that may arise; to defend the city, the province, and the homeland, and to organize a civilian resistance. That means they are determined to prepare for anything that happens, meaning that if we become involved in a military conflict, civilian society will support the Ecuadoran Army so our territorial rights are respected.

[Bravo] Is the population prepared, militarily speaking?

[Mancheno] The population is not militarily prepared. Of course there are conscripts from previous enlistments who have some military experience. Likewise, the Ecuadoran Army has permanently prepared groups of young students and those included in previous enlistments in the province. Fortunately, the province has the Patuca Brigade and the Condor 21st Jungle Group in Santiago and Gualaquiza, respectively. These groups have been supporting the people's military training, therefore, I believe there is a civilian group duly prepared to organize a civilian resistance.

[Bravo] Referring to the position assumed by the Amazonian bloc at the National Congress, what are the most important points you have established?

[Mancheno] The most important point we have established as deputies from the Amazonian region is to issue an appeal to all deputies and legislators in the country. They should at least set aside partisan attitudes, political interests, and interests in obtaining or withholding power, given the country's current circumstances. Sometimes these interests make us forget the priority of protecting the country's territorial integrity.

[Bravo] Do you think it is difficult to maintain a united bloc in Ecuador?

[Mancheno] I think differences usually prevail, but these differences and personal resentments should not be adopted as a party argument, or national argument, to guide the government's policy. That is not correct. Each party has its own ideology and will logically try to rule according to that ideology. However, personal issues should not become involved.

[Bravo] What attitude should Ecuadorans have toward the Armed Forces?

[Mancheno] They should support the Armed Forces because the Armed Forces are understood to be the professionals who are prepared to act in peace and more so to act during conflicts and war. They are professionals who are for just that. That is why the civilian population

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

must support the Armed Forces, for it is they, as professionals, who have to face conflicts.

[Bravo] One of the key points in these types of situations is how information is released by the various media and how the Armed Forces allow the information to be cleared for the population. How do you believe this sort of information, which up to a certain point is restricted, should be released?

[Mancheno] I believe that in a declared conflict there should be no restricted information except such information relating to war tactics and concentration of war materiel. This is restricted information that logically should only be handled by the top military command. Information dealing with enemy positions, enemy casualties, our casualties, and our Army's progress should be released to citizens. This is very useful because this in fact motivates the population by informing it and organizing it. If there is no information, the people can hardly be expected to become organized. If information is not correct, the Armed Forces cannot receive civilian support, either. Citizens need to be stimulated by the government and Army.

[Bravo] Is it true that Peruvian television has stopped its sateliite transmissions and that there is no longer any information coming from them?

[Mancheno] I have been informed that Peruvian television satellite transmissions, which are the ones that can be picked up in the Amazons, have been suspended. I believe that this is a measure by the Peruvian Government to prevent imformation from the media from becoming known.

[Bravo] How is this border situation being handled in Peru?

[Mancheno] I do not actually know, but according to international reports and incidents that have taken place over the years, we are convinced that the whole situation is being decided by the Peruvian Army and that the Peruvian Government has very little to do with this situation. This is so obvious. While our presidents and foreign ministers are maintaining a dialogue, talking, and speaking of a peaceful solution, the Peruvian Army maintains a warlike attitude on the border. Thus, there is no congruence between what the Peruvian Foreign Ministry says and what the Peruvian Army does.

[Bravo] There were clashes between Ecuadoran and Peruvian soldiers at 1800 [2300 GMT] yesterday. This demonstrates once again that the situation is very tense.

[Mancheno] The situation is tense, and these clashes will take place all the time. The border area is so extensive and inhospitable—it is very difficult for either army to know the entire area—therefore, these casual encounters are going to cause clashes.

[Bravo] When can a solution be found and up to what point?

[Mancheno] I believe we have let too much time go by. It has been over 50 years since Ecuador forcibly signed the Rio de Janeiro Protocol. All the foreign ministries and all the ministers for the past 50 years are responsible for not having solved the problem and for having maintained that the protocol was unenforceable due to the geography and for simply on this basis declaring the protocol void.

[Bravo] What is the current stance?

[Mancheno] I propose that the foreign minister not tire in his efforts to solve the problem. This problem should not be addressed only when these conflicts arise; because once peace is restored, everything remains unchanged.

[Bravo] What mechanism can be used for a solution?

[Mancheno] I believe that the solution should be through commissions from congress and that the National Congress visit the various countries, the international community—not only the Latin American community, but also the European community. Our country and Peru... [pauses] for example, Peru has advanced a lot in its relations with Asian countries. It is very important for a country to feel strengthened and backed by Asian countries.

[Bravo] Very well deputy, I want to thank you for your time with Voice de los Andes this morning.

Ambassador Rules Out OAS 'Intervention'

PA2701143395 Madrid EFE in Spanish 1327 GMT 26 Jan 95

[FBIS Translated Text] Quito, 27 Jan—Blasco Penaherrera, Ecuadoran ambassador to the OAS, today ruled out any direct intervention by the OAS in his country's border conflict with Peru.

"This is not the time for that, nor is there any need for any action, nonetheless, the appropriate OAS authorities will be notified of what happened today at the border," Ambassador Penaherrera, who was vice president of Ecuador from 1984 to 1988, said today in Washington.

Asked about the possibility that the OAS would be "urgently convened" to discuss the border conflict, the diplomat said "that would be a bit extreme, given that in an organization made up of 35 countries and in which decisions must be made by consensus, it involves an extremely complex and long process."

In statements made by telephone from Washington, Penaherrera said a personal intervention by OAS Secretary General Cesar Gaviria, with whom President Duran-Ballen spoke today by telephone, "is probably more effective than anything else right now."

Education Minister Suspends Classes

PA2701125195 Quito Voz de los Andes in Spanish 1200 GMT 27 Jan 95

[From "The Voz Andes Newscast"]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[FBIS Translated Text] Ecuadoran schools will not hold classes today following an order by the education minister. Classes were suspended due to the gravity of the conflict with Peru. Classes will remain suspended until further notice.

Therefore, no private or nonreligious schools will hold classes until further notice.

Macara Civilians Evacuated

PA2701165095 Madrid EFE in Spanish 1558 GMT 27 Jan 95

[FBIS Translated Text] Quito, 27 Jan (EFE)— The civilian population in the border city of Macara, 837 km south of Quito, is being evacuated by the Ecuadoran Armed Forces, Patricia Granda, political chief (top municipal authority) of Macara told EFE today.

Meanwhile, Arturo Torres, director of "Radio Macara, voice of the border," announced that "the evacuation began at 0800 (1300 GMT). The 21st Army Infantry Battalion of Macara is evacuating the elderly, women, and children."

Torres added that "it has been reported that men over 17 years of age will stay in Macara to form the forces of public readiness and civil defense in support of the Armed Forces operating in Macara."

General Explains Situation

PA2701165495 Paris AFP in Spanish 1401 GMT 27 Jan 95

[FBIS Translated Text] Quito, 27 Jan (AFP)—General Jose Villamil, chief of staff of the Ecuadoran Army, told AFP when reporting on Friday repeated infiltrations by Peruvian soldiers in Ecuadoran territory in an unmarked common border area that "they will not surprise us this time because we are not going to be as trusting as on other occasions."

The news of an attack on a Peruvian military post by an Ecuadoran helicopter, announced by the Peruvian Foreign Ministry in Lima, has not been officially confirmed by Quito.

Gen. Villamil, who reiterated Ecuador's peaceful nature, reported several actions that he described as Peruvian Army "provocations" over the past few days in the Cenepa River area in the Amazons, where the common border has still not been demarcated. The border conflict between the two neighboring countries dates back 53 years.

Gen. Villamil did admit, however, that "the Ecuadoran Army is worried" and expressed that information levels "are very low" on the latest Ecuadoran-Peruvian border events "because they (the Peruvians) are used to doing this so as to then give a de facto solution."

He admitted there is a state of "maximum alert" on the border and said that in case of a clash "we believe that no blood should be shed."

Three incidents have taken place during January on the Ecuadoran-Peruvian border, according to the Quito government.

The Defense Ministry in Quito, in a bulletin handed to AFP, reported that on 9 January the first incident was when a Peruvian four-man patrol was captured after entering Ecuadoran territory and was turned over to the Lima authorities a day later.

The same bulletin stated that on 11 January another Peruvian patrol that had entered Ecuadoran territory responded with gunfire when Ecuadoran soldiers ordered it to halt.

Meanwhile, the Peruvian Embassy in Quito gave assurances that on 9 and 11 January the patrols were within the Peruvian area where they responded to an Ecuadoran armed attack.

There were no Ecuadoran casualties during the incident.

According to a communique delivered to AFP, the third incident took place early on Thursday evening when Ecuadoran soldiers intercepted and repelled a Peruvian military patrol at the point where the (Tiwintza) and Cenepa rivers meet, but no Ecuadoran casualties were reported.

Gen. Villamil said that if the Peruvian forces insist on illegally entering Ecuadoran territory "they are going to encounter a people determined to be respected," and he urged the civilian population to support any military actions that may be necessary.

Villamil said that the latest incidents took place in what he characterized as "no man's land," an area of approximately 78 km on the Condor mountain range in the middle of the Amazons, which has not been demarcated and where certain unofficial sources have pointed out that Peruvian soldiers are trying to establish outposts.

"They (the Peruvians), through colonization, have gradually moved up toward Cenepa heights, slowly establishing themselves and occupying our territory," said Villamil, who explained that "Ecuador acknowledges the Rio de Janeiro Treaty signed in 1942."

Through that pact, Ecuador and Peru defined their border, but years later when it was being demarcated, the Ecuadoran Government decreed that the border could not be demarcated as it now stands and later declared its annullment, alleging the existence of a "geographic error" in the Rio protocol.

Gen. Villamil said that although the situation is very difficult and certain border posts have been bolstered with troops from Quito and other areas, "we cannot say that a military mobilization is under way."

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Minister Rejects 'False' Peruvian Communique

PA2701182695 Quito Voz de los Andes in Spanish 1728 GMT 27 Jan 95

[News conference by Foreign Minister Galo Alberto Leoro Franco with unidentified foreign and local reporters at the Carondelet Presidential Palace in Quito on 27 January—recorded]

[FBIS Translated Text] Good morning. I will now read a press bulletin, which is how the national government has decided to keep the public informed so there will not be different versions or statements by various organizations that might reflect a lack of unity in this respect. I will read the communique:

The Ecuadoran Foreign Ministry fully rejects the official Communique 0395, dated 26 January, issued by the Peruvian Foreign Relations Ministry. It contains false elements, which it intends to use to accuse Ecuador of committing an act of aggression by charging that Ecuador used a helicopter to bomb a Peruvian sentry post in the Coango-Cenepa area, supposedly in Peruvian territory.

The fact that a Peruvian patrol entered Ecuadoran territory, as recognized by Peru itself, is what sparked an exchange of gunfire at 1800 [2300 GMT] on 26 January.

A presidential bulletin was issued last night stating that no Ecuadoran helicopter has bombed any Peruvian border post whatsoever, as the Peruvian communique attempts to establish, thus distorting the truth.

The Ecuadoran Government, since the 9 and 11 January incidents, which are known by everyone, has repeatedly tried through diplomatic channels with the Peruvian Government to halt these violations of international peace and the security of Ecuador, acts that have been repeated intermittently.

Not being able to get Peru to act in accordance with its conciliatory statements, the Ecuadoran Government has had to appeal to guarantor countries. This effort strictly seeks to find a peaceful solution to this serious problem in view of the clear indication that Peru is implementing a policy of constant provocation and threats, incompatible with international rules of peaceful coexistence.

The national government is aware that it needs to defend its territorial integrity and will continue to look for peaceful means for Peru to respect the status quo up to 11 January. The government fully shares the patriotic intention of the Ecuadoran people to remain firmly united in defense of their dignity and they country's territorial integrity. It urges people to remain calm in the confidence that efforts are under way to end this serious situation.

This communique is dated today. Gentlemen, this is the information on which you have to report and which corresponds to the full truth and to the events that have taken place. This definitely shows that we will continue striving so this problem does not spread and can be solved as soon as possible through peaceful means. Thank you.

Answers Questions on Border Dispute

PA2701185795 Quito Voz de los Andes in Spanish 1730 GMT 27 Jan 95

[Report on news conference by Foreign Minister Galo Leoro with local and foreign reporters at the Carondelet Presidential Palace in Quito on 27 January—recorded]

[FBIS Translated Text] Foreign Minister Galo Leoro spoke to reporters about the border situation for only three minutes. He totally rejected what is happening with Peru and statements by Peruvian Foreign Relations Minister Goldenberg. He also said that he could not continue giving information. Foreign Minister Leoro said, however, that he would wait until 1800 [2300 GMT], the time when the Rio de Janeiro guarantors would meet.

[Begin recording] [Leoro, in progress] ...50 forces on our side. I therefore thank you for your cooperation. Of course, what I said, and I repeat, is that we are going to continue issuing press bulletins; otherwise we would be giving incomplete information that sometimes is not exactly what the government decides or what is truly taking place.

[Reporter] Thank you [words indistinct].

[Leoro] Up to now there has been nothing new since last night, nothing but the events that were reported by Ecuador last night, which I repeated today in this bulletin. I have no other information. [end recording]

The Peruvian foreign minister said Ecuador has recognized the Rio Protocol; thus there is no argument and the problems can be remedied.

[Begin recording] [Leoro] You know very well that the question of recognition is absurd. It makes no sense. We are saying that we do not accept anything; the recognition has nothing to do with the fact that we resorted to a peaceful solution through guarantor countries. Validity is one thing; recognition is something else. Validity has nothing to do with the current state of a treaty. You may find this affirmation right back in 1968, when the Foreign Ministry issued a report.

[Reporter] Why was so much time allowed to pass before telling the world, when Peru had already begun an information offensive and said Ecuador had attacked?

[Leoro] When did Peru release the information?

[Reporter] In the predawn hours.

[Leoro] The predawn hours of what day?

[Reporter] Today.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Leoro] We had to receive the information first. We do not have lightning information throughout the night. I stayed up until 0300. I have given you the information just now. [end recording]

Government's Macroeconomic Program Analyzed

95SM0139A Quito EL COMERCIO MARTES ECONOMICO in Spanish 3 Jan 95 pp 2-5

[FBIS Translated Text] *The Ecuadoran Government's macroeconomic program for 1995 has established a medium-term scenario for the evolution of the foreign (public) debt.*

According to this scenario, the foreign public debt in 1993 was approximately $13.025 billion (including all accumulated arrears and interest on arrears). This debt was equivalent to 94.4 percent of the GDP, while service on the debt was equivalent to 53.2 percent of the total of the nation's exports.

The Central Bank projections indicate that by 1996 the foreign public debt will be approximately $11.968 billion, equal to approximately 62.7 percent of the GDP. Service on the debt would then correspond to 27.4 percent of the total of the nation's exports.

The projections for 1998 indicate that the foreign debt will then be approximately $11.619 billion—equivalent to 53.3 percent of the GDP—and service on the debt would correspond to 23.5 percent of the total of exports. Total interest would correspond to 3.5 percent of the GDP.

According to this scenario, the projected debt for the year 2000 will be $12.297 million, equivalent to 48.8 percent of the GDP.

The government has announced its macroeconomic program for 1995. The scenario that the authorities offer is relatively encouraging. We say relatively, because even though the partial equilibriums of the economy have been restored, they are by themselves insufficient to deal—to the extent necessary—with the delay that has been accumulating in respect to improving the living conditions of the population.

To be sure, one administration alone cannot be expected to remedy all the evils caused by the long-established custom of "reinventing" Ecuador every four years, especially if the administration is faced with a situation approaching total bankruptcy when it takes over the fiscal and monetary accounts upon assuming office. In any event, a program such as the one presented—together with the structure of government spending contained in the national budget—continues to give the government the benefit of the doubt with respect to how, and how much, it will be able to improve the conditions of extreme poverty in which the great majority of Ecuadorans live.

The Economic Numbers

The principal objective of the program in question continues to be the reduction of inflation (from the present 25 percent to between 15 and 17 percent by the end of 1995). Another objective is to achieve a 4 to 5 percent growth of the economy.

To this end, attainment of a series of secondary goals is proposed. We would like to make a brief analysis of these goals, which are summarized in Table 1.

One goal, according to the Central Bank, is to achieve a surplus equal to 0.5 percent of the GDP in order to reduce the public debt, increase the government's savings, and "create the fiscal margin necessary in order to cope with the actuarial deficit of the IESS [Ecuadoran Social Security Institute] within the framework of an overall reform of the pension system." The first two arguments are almost obvious: if you do not spend more than you receive from domestic sources (taxes) and foreign sources (international loans), a surplus can be achieved. Whether this surplus will reach 0.5 percent of the GDP cannot be stated until the end of 1995, lest it be necessary to make an adjustment—similar to that made in 1994 for diesel fuel—in order to reach the goal.

What indeed deserves emphasis is the fact that the state—at least on paper—has apparently for the first time decided to bring itself up to date concerning the enormous debt it owes to the IESS: a debt that has been blamed—with only partial justification—for the inefficiency of the social security system. Moreover, it is hoped that modifications and improvements can be made in the internal structure of the IESS, which continues to have a social responsibility toward those who are still unable to take advantage of the private insurance programs that will undoubtedly be created.

As for the International Monetary Reserve, the goal proposed seems to us to be a reasonable one, provided there are no changes in the conditions prevailing on the world markets for our exports, and provided that oil prices remain within the hypothetical range of $13 to $14 per barrel. Moreover, if light crudes are discovered in the new petroleum concessions, larger export figures can be achieved and therefore larger monetary reserves.

The expectations as to worldwide inflation and the referential interest rate (LIBOR [London Interbank Offered Rate] for six months) are within the margins anticipated by the IMF. For the time being these factors are not very speculative, even though the behavior of the so-called "emerging markets" is becoming quite unpredictable.

The assumption that the "regulations for establishing the domestic prices for fuels" will remain in force means, in effect, that subject to the requirements of the national budget, the state will be able to manage these prices more or less as it pleases. This in turn means—in our opinion, of course—that an adjustment in the prices for gas used for domestic consumption can be expected, although we do not believe that total elimination of the subsidy is politically viable despite the agreement with the IMF to do so.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Investment

The objectives proposed for this indispensable component of growth appear to be somewhat ambitious. In effect, the idea that Ecuador can achieve a coefficient of total savings equal to 24 percent of the GDP—of which 20.2 percent represents domestic savings—seems somewhat exaggerated. Although it would be theoretically advantageous, in practice the vast gamut of unsatisfied social needs will require a level of government spending greater than that proposed, on the one hand, while on the other hand the capacity for private savings—especially savings by families—will contribute very little to the total savings.

The goal for the contribution of private capital—which is projected to be approximately $900 million in 1995—could be achievable if the privatization program is successfully implemented, particularly in the sectors of telecommunications, energy, transportation, and port facilities.

In any event, the anticipated coefficient of total investment—on which the growth of the economy is largely dependent—may be overvalued. Nonetheless, if an increase in the GDP is achieved even at the lesser of the proposed rates (4 percent), an improvement in the economic situation would undoubtedly result.

Inflation

Lowering the rate of inflation has been a genuine obsession of the government—a goal that has been achieved in considerable measure. Despite the fact that the official figures are somewhat unreliable, the rate of increase in prices has been slowed. Any greater reductions in that rate will be more difficult, however, especially if—as is expected—the neediest segment of the population is going to be compensated, even if only partially, for all the negative effects that the economic adjustment has had on the availability of essential services such as education and health care. Pressures to increase wages almost to the level of the 1994 inflation rate are already being strongly felt, and the adjustments—however small—that will occur in the course of the year lead one to believe that the goal for inflation at the end of 1995 will be closer to 20 percent than to the figures established by the authorities.

Exchange Rate and Interest Rate

Those who believe firmly that market economies function perfectly—as opposed to the need for making adjustments in developing economies—always find themselves in a dilemma: namely, whether the interest rate or the exchange rate should be chosen to serve as the "anchor" for the entire system. We shall attempt to explain this by using a simple example. The two variables function in an intimate relationship: if there is excess money supply—i.e., excess liquidity—in an economy, the price of that money—i.e., the interest rate—is low. There is consequently little incentive to save in terms of the national currency, and people therefore prefer to put their surplus funds in foreign currencies (in our case, the dollar). By virtue of the same law of supply and demand, a greater demand for foreign exchange causes its price—the exchange rate—to rise. If sucres are used to buy dollars, the banks must pay higher interest rates in order to obtain the money they need for lending, and it again becomes attractive to hold sucres instead of dollars. Inasmuch as this is a recurring phenomenon, if one or the other of the two rates is not "anchored," the result is likely to be an outbreak of inflation that will be difficult to control.

After the adjustment of 1992 the economic authorities opted to "anchor" the exchange rate and thereby allow the interest rate to float, which rate has risen—as we know—to levels that are excessively high for loans that are intended to finance production or that involve risk capital. Although the Central Bank has been successful in controlling the fluctuations of the foreign exchange market, it has been unable to bring interest rates down to reasonable levels. This mechanism is apparently going to be maintained in 1995, for under the program, the lag—calculated at 12 percent—in the exchange rate against the dollar will be corrected (at some point there will be a devaluation by that percentage). The rate will be maintained at an average referential price of 2,300 sucres to the dollar, with a margin for fluctuation of 100 sucres more or less. If the behavior of the balance of payments—including the reserve—is as forecast by the Central Bank, as of the end of 1995 the exchange rate would be between 2,550 and 2,650 sucres to the dollar.

With respect to interest rates, the most recent decisions by the Monetary Board relating to the calculation of bank reserves and authorizing public entities to deposit some of their funds in private banks make it possible to reduce the rates somewhat, but in our opinion they are unlikely to reach levels below 35 percent no matter how hard the financial sector tries to reduce its costs and increase its efficiency. The costs entailed by technology and by the increase in the number of financial products and services offered are extremely high for a small market such as ours.

The Foreign Debt

The renegotiation of Ecuador's debt—a goal achieved under the provisions of the so-called Brady Plan after seven years of maneuvers and countermaneuvers—makes it possible to estimate the burden represented by payments on capital and interest that the Central Bank has projected up to the year 2000. This estimate apparently does not include the new indebtedness that the nation is incurring with the international financial organizations.

At the present time the total foreign debt stands at $12.25 billion, which is equivalent to 74.1 percent of the nation's GDP. As of the end of 1994, an amount equal to 43.7 percent of the total value of exports had to be devoted to debt service. A reduction of the total debt to

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

a figure equivalent to 67 percent of the GDP—and to 32.6 percent of total exports, a substantial reduction—is forecast for 1995. Such a reduction, however, entails a considerable fiscal effort. In fact, 32 percent of all spending authorized in the national budget goes to service the debt, basically to the detriment of investment and spending in the social sectors.

If the projections are borne out, however, the nation will gradually be relieving itself of the burden of the debt service, provided there is no return to the policy of "aggressively incurring debt" that has become clearly evident, at least in the final months of 1994.

The Economy in Perspective

The scenario formulated by the economic authorities is without doubt an optimistic but attainable one, provided that a national consensus is achieved among the principal actors of the national economy. In this connection, there is concern over the attitude of the politicians, who are obstinately determined to place conditions on their approval of the constitutional amendments and laws that are a prerequisite for the changes that the government wants to make. Meanwhile, it is an undeniable fact that the social malaise is intensifying as a result of inattention to the nation's poorer sectors [sectores sociales].

The various sectors of the economy are growing and can continue to grow (see Table 2), but a balanced growth of the economy continues to exact a social cost that is hard to bear. If the social welfare burden is not lightened at least partially, however, the macroeconomic model that the government has designed could easily be disabled, with the result that all the sacrifices that the neo-free enterprise economic adjustment has demanded of all Ecuadorans—and especially of the poorest Ecuadorans—will have been in vain.

Macroeconomic Program for 1995

Category	Goals
Budget for Public Sector	0.5 percent of GDP
International Monetary Reserve	Four months of importation of goods and services
Investment in public sector	7.1 percent of GDP
Foreign savings	3.8 percent of GDP
Domestic savings	20.2 percent of GDP
Expenses of foreign public debt	$570 million
Amortization of foreign public debt	$660 million

Source: Central Bank of Ecuador

Gross Domestic Product: Growth Rates

Components of GDP	1993	1994[e]
Agriculture and livestock	-1.7	1.8
Petroleum and mining	11.0	7.4
Industry	2.5	4.0
Electricity, gas, and water	2.1	3.1
Construction	-4.3	5.5
Retail and wholesale trade and hotels	1.7	4.3
Transportation and communications	4.5	5.3
Financial and business services	9.2	4.9
Government services	-2.2	-3.3
Other components	1.1	5.7
Overall GDP	2.0	3.9

(e): Estimated on the basis of Central Bank data

Source: MARTES ECONOMICO No. 317

Prepared by: MARTES ECONOMICO

Paraguay

President Announces Military Moves, Retirements

PY2701010795 Asuncion RPC Television Network in Spanish 2250 GMT 26 Jan 95

[FBIS Translated Excerpt] President Juan Carlos Wasmosy traveled this afternoon to Europe. Before his departure, he announced the retirement of Vice Admiral Eduardo Gonzalez Petit.

[Begin recording] [Unidentified reporter] Reliable sources have reported upcoming changes in the Armed Forces. This information was confirmed this afternoon by Wasmosy just before he departed for Davos, Switzerland.

The commander of the Military Forces, Eduardo Gonzalez, will go into retirement and be replaced by the officer who currently acts as liaison between the Armed Forces and Congress, [General] Silvio Rafael Noguera.

Moreover, this would only be for a short time, because the person who has been nominated as the future strongman of the Armed Forces is the commander in chief of the Army, General Lino Cesar Oviedo. [passage omitted]

But, the sources pointed out that some events in the political sphere that involve the opposition motivated Wasmosy's decision.

When the president was consulted, he answered:

[Wasmosy] But, in November he submitted his request to go into retirement. It was I myself who wanted to honor all of them [those involved in the overthrow of General Alfredo Stroessner] because they were the promoters of the 3 February [1989] heroic deed.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[Reporter] When the media became insistent, Wasmosy indicated that there will be news on 3 February. [passage omitted]

Coinciding with Wasmosy's trip, rumors began to circulate on 25 January that a military coup was in the planning.

Recent events in the sphere of the Armed Forces, such as Oviedo's refusal to receive General [Carlos A.] Ayala in his headquarters, reinforced the rumors. [end recording]

Peru

Fujimori: Armed Forces 'Alert' After Border Incident

PY2601205695 Lima Radio Programas del Peru Network in Spanish 1800 GMT 26 Jan 95

[FBIS Translated Text] President Alberto Fujimori emphasized today that the Armed Forces guarantee the country's sovereignty, in reference to the recent events at the Ecuadoran border.

President Fujimori also said that the military institutions, as part of the state, contribute to the development of our country.

[Begin Fujimori recording] I would like to reiterate once more that the Army and the Armed Forces in general are not only in their garrisons. They are alert to defend the sovereignty of the national territory, but at the same time they are contributing, as part of the state, to the development of the country. [end recording]

Defense Minister Denies State of Alert

PY2601210495 Lima Radio Programas del Peru Network in Spanish 1800 GMT 26 Jan 95

[FBIS Translated Text] Defense Minister Victor Malca Villanueva said today that Peru has not ordered a state of alert in the northern border region. He said, however, that the Armed Forces are always ready to defend the national territory and sovereignty.

He also made clear that Peruvian helicopters never violated Ecuadoran air space. He explained that the operations were carried out over national territory.

[Begin recording] [Unidentified reporter] Are the Armed Forces ready to defend our national sovereignty?

[Malca] Yes, the Armed Forces are always ready for any event, especially if national sovereignty is at stake. We have not ordered a state of alert. All the activities of our helicopters were inside national territory, in support of the watch post we have in that zone.

[Reporter] What do you believe is happening in the Ecuadoran Armed Forces, which is trying to make things confusing?

[Malca] I don't know if it is the Armed Forces, or whether all of Ecuador is involved.

[Reporter] Do you believe there are biased interests with regard to the creation of this state of tension?

[Malca] No. I read something like that in a newspaper.

[Reporter] [question indistinct]

[Malca] I could not give an opinion in that regard because I am not aware of it. [end recording]

These were the remarks made by Defense Minister Malca, who also participated in the ceremony handing over machinery to the Army Engineering Battalion in the San Martin Garrison, Miraflores District.

Foreign, Defense Ministers View Incident

PY2701032195 Madrid EFE in Spanish 0126 GMT 27 Jan 95

[FBIS Translated Excerpt] Lima, 26 Jan (EFE)—The Peruvian Government reported today through an official communique of the Foreign Ministry that Peruvian helicopters did not fly over Ecuadoran territory.

The official Peruvian statement is in response to a communique of the Ecuadoran National Security Council released in Quito on 25 January indicating that Peruvian armed helicopters have repeatedly flown over Ecuadoran territory "as a provocation that is seriously threatening the country's security."

The Peruvian Foreign Ministry communique says that on 25 January it summoned the ambassadors of Argentina, Brazil, Chile, and the United States, which are the guarantors of the Rio Protocol that established the borders between Peru and Ecuador, "to inform them about the above-mentioned situation." [passage omitted]

After reading the communique, Peruvian Foreign Minister Efrain Goldenberg told the press that Peru has reaffirmed in the communique its peaceful, integrationist position.

Commenting on the alleged border incident reported by Ecuador, Defense Minister Victor Malca said that the Peruvian helicopters were flying over the national territory to deliver supplies to sentry posts located in the vicinity of the Cenepa River.

According to the Ecuadoran version, the flights were made over Ecuadoran territory in the Cenepa hinterland which, according to the Peruvian position, is a river that runs entirely through Peruvian territory from beginning to end.

Malca said that the Peruvian Army patrols have performed normal surveillance missions within Peruvian territory at the border area with Ecuador.

Malca added that at no time did Peru declare a state of alert in the Peruvian border area with Ecuador.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Malca then told reporters that the Peruvian Armed Forces are always ready to face any eventuality, "all the more so when the national sovereignty is at stake."

The Rio de Janeiro Protocol, which was signed on 29 January 1942, following an armed conflict that occurred the previous year, is for Peru a "perfect" document that once and for all ended the border problem between the two countries, while Ecuador considers it to be "null and unenforceable," on the contention that it was forcefully imposed on the country of Ecuador.

Communique Denounces Attack

PY2701052395 Lima Radio Programas del Peru Network in Spanish 0445 GMT 27 Jan 95

[Official Communique No. 03/95 issued by the Foreign Ministry in Lima on 26 January]

[FBIS Translated Text] The Peruvian Foreign Ministry hereby denounces to the international and national public the fact that this afternoon an Ecuadoran Army helicopter bombed [bombardeado] a Peruvian sentry post approximately 4 km from the borderline established by the Rio de Janeiro Protocol and by the award issued by Dias de Aguiar.

The sly act of aggression took place one day following the recognition of the validity of the Rio de Janeiro Protocol by the Ecuadoran Government. This recognition of the Rio de Janeiro Protocol has been emphatically welcomed by the Peruvian Government through Foreign Ministry communique No. 02/95, which was released at 1700 today. This means that the attack was perpetrated approximately two hours after the release of the Foreign Ministry communique.

The belligerent, aggressive Ecuadoran attitude contradicts its alleged pacifist position and disturbs peace, security, and the international legal order at a time in which the hemisphere is promoting important continental integration projects.

The Peruvian Government reiterates once again its firm position of respect for international treaties and reaffirms its decision to guarantee its sovereignty and territorial integrity.

The National Defense Council, which is presided over by Constitutional President Alberto Fujimori, is in permanent session.

Guarantors Asked To Help Fulfill Treaty

PY2701173595 Madrid EFE in Spanish 1433 GMT 27 Jan 95

[FBIS Translated Text] Lima, 27 Jan (EFE)—Oswaldo Sandoval, president of the Foreign Affairs Committee of the Peruvian Congress, today asked the countries that are guarantors for the border treaty between Ecuador and Peru to help fulfill the agreement to prevent confrontations between the two countries such as that which took place on 26 January.

The so-called Protocol for Peace, Friendship, and the Ecuadoran- Peruvian Borderline was signed on 29 January 1942, in Rio de Janeiro, by Argentina, Brazil, Chile, and the United States.

Ecuador, however, disregarded it 18 years later, in 1960, saying that it had been "imposed by force" and was "null and not applicable." Sandoval said that the four guarantors "must assume a firm position for the fulfillment of the treaty and for the elimination of the unnecessary focus of war tensions in the region, now that we are living through a period of economic integration."

He added: "Events of this nature are inadmissible in a period when Latin American countries talk about uniting themselves in a single free trade zone."

Former Foreign Minister Edgardo Mercado said that the confrontations on the border "are part of an old Ecuadoran strategy that consists of generating tension, and then proposing the existence of a territorial problem between the two countries."

Upon recalling that incidents similar to those that took place in 1981 and in 1991 took place 26 January at the border area, Mercado said that the incidents are provoked "to create the impression that the Rio Protocol is not applicable."

Former Foreign Minister Luis Gonzalez Posada also asked the guarantor countries to "take concrete steps for the reorganization of the joint border commission" created by the Rio Treaty "in order to conclude the demarcation of the border."

That commission became inactive in 1950, when the then Ecuadoran Government called back its representatives to that commission.

Gonzalez Posada defended the validity of the Protocol upon recalling that it was ratified by the Ecuadoran Congress with 90 percent of the votes of its members, and that only 78 km out of a total of 1,600 kms need to be marked.

The former foreign minister recalled that in 1960 the guarantor countries rejected the declaration of annulment approved by Ecuador, and pointed out that the protocol "is valid and must be fulfilled."

He added: "The position of the guarantors is clear: The fact that Ecuador considers it null does not mean that the treaty is not in effect, nor does it relieve that country from the obligation to fulfill it."

The tensions between Ecuador and Peru stemming from the Ecuadoran territorial demand triggered at least two wars between the two countries: the first in 1857 and the second in 1941, which led to the signing of the Rio de Janeiro Protocol.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

Later Ecuadoran persistence in its demand was at the point of sparking other conflicts in 1981 and in 1991, but both crises were overcome via diplomatic channels.

The current crisis began early in January and became aggravated on 26 January, when Peru reported that a border sentry post of the Peruvian Army had been bombed by an Ecuadoran helicopter and ordered the mobilization of troops to the border.

Ecuadoran Officials Report Clashes in Ecuador

PY2701102995 Madrid EFE in Spanish 0906 GMT 27 Jan 95

[FBIS Translated Excerpt] Lima, 27 Jan (EFE)—In a communique issued today, 27 January [date as received], by the Peruvian Foreign Ministry, Peru charged Ecuador with having carried out a helicopter attack on a Peruvian border post located near the demarcation line established by both countries in the Rio de Janeiro Protocol of 1942. [passage omitted]

In light of the Peruvian accusation, Ecuadoran officials have stated that Peruvian and Ecuadoran patrols had clashed yesterday afternoon in Ecuadoran territory. [passage omitted]

Fujimori Chairs Defense Council 'Special Meeting'

PY2701074095 Lima Radio Programas del Peru Network in Spanish 0700 GMT 27 Jan 95

[FBIS Translated Excerpt] President Alberto Fujimori is now presiding over a special meeting of the National Defense Council at the Army headquarters, also known as Pentagonito [Little Pentagon]. The purpose of the meeting is to analyze the recent developments at the border with Ecuador, where an Ecuadoran Army helicopter last night attacked and bombed a Peruvian sentry post. [passage omitted]

Congressman: 'Domestic' Feud Behind Ecuadoran Actions

PY2701065095 Lima Radio Programas del Peru Network in Spanish 0509 GMT 27 Jan 95

[Interview with congressman Osvaldo Sandoval, chairman of the Foreign Relations Committee of the Peruvian Congress, by unidentified reporter—live]

[FBIS Translated Text] [Reporter] Good morning, Congressman Sandoval. What is your opinion about the act of provocation perpetrated at the Peruvian border by the Ecuadoran Armed Forces?

[Sandoval] Well, in the first place, I should convey my complete surprise and rejection in the face of this barbaric act perpetrated by the Ecuadoran Government. I believe it is absolutely irresponsible that, for the sake of resolving some domestic problems, the Ecuadorans have decided to carry out this action. As we all know, Ecuador is now experiencing domestic problems, especially as a result of the disputes between the Ecuadoran president and the defense minister, General Gallardo. I would go as far as to describe the Ecuadoran action as treacherous because, as we all know, only yesterday Ecuador—through its highest officials—recognized the validity of the Rio de Janeiro Protocol.

In response to this, our Foreign Ministry, at approximately 1700 today, welcomed this move as a very positive step in clarifying and laying down the groundwork for completing, once and for all, the demarcation of that small segment of our border. In fact, that line has already been clearly defined not only by the protocol, but also by the arbitration award issued by Dias de Aguiar.

At this juncture, a few hours after the release of the Peruvian Foreign Ministry communique—which was a highly friendly communique—a treacherous attack was perpetrated against that area of our country. We sincerely hope that the attack did not result in any casualties. We still have no information about this.

I believe this action was extremely unfortunate because it takes place under circumstances in which both Ecuador and Peru are members of integration groups such as the Andean Pact, taking into account the fact that only last week the Ecuadoran and Peruvian foreign ministers were meeting with other foreign ministers of the Cartagena agreement in Bolivia, the fact that the presidents of the Bolivarian countries are scheduled to meet in Venezuela next week, and the fact that our countries have signed the Treaty of the Americas through which we are seeking the integration of all of our nations. I feel truly perplexed over the fact that this sly attack against our country occurred under these circumstances.

I would like to mention, however, that the National Defense Council, presided over by the president of the Republic, is in permanent session, as the communique states. Our people should rest assured that by remaining calm, and by all politicians, above all, rising to the occasion, we will be able to overcome these difficulties very soon, because public opinion, both here and abroad, should note that this type of action is unfortunately occurring virtually every January.

[Reporter] That is right, Congressman. Incidentally, the Ecuadoreans have, if you will, accepted the Rio de Janeiro Protocol. They claim to be pacifists. Congressman Ernesto Gamarra Olivares of the Moralizing Independent Front has charged, however, that the Ecuadoran Government authorized the distribution of some textbooks fomenting hatred against Peru. Have you heard of this charge?

[Sandoval] No, I have not heard about that charge. If that charge is true, it would be very unfortunate and lamentable, among other things, because of the circumstances I mentioned earlier; that is, Ecuador is seeking to solve domestic problems and major political frictions this way at a time when our countries are going hand in

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

hand in economic areas. I believe it is truly unfortunate and absolutely treacherous. I think we definitely must lodge a protest with the international public over the fact that a country that claims to be pacifist has perpetrated an attack like the one we mentioned.

As we have seen in the official communique, our government has vigorously rejected this act. I am sure the Peruvian public will fully endorse this position.

[Reporter] Thank you, Congressman Sandoval.

Troops Said Deployed to Border Region

PA2701074895 Paris AFP in Spanish 0646 GMT 27 Jan 95

[FBIS Translated Text] Lima, 27 Jan (AFP)—Peruvian troops were deployed to the border region between Peru and Ecuador the night of 26 January, following an attack on a Peruvian sentry post by an Ecuadoran helicopter, Lima's America Television Network Channel 4 reported earlier today.

The deployment was taking place from the military garrisons quartered in Tumbes Department, located in the border area, approximately 1,200 km north of Lima, to the borderline.

The movement of the troops and materiel was taking place particularly toward the Condor Mountain Rage area, in the Amazon region the two countries share, where 78 km along the border have yet to be demarcated by boundary markers and where constant frictions have occurred in the last few years.

The situation was being carefully reviewed in Lima by President Alberto Fujimori, who has remained "in permanent session" with the chiefs of the Army, Air Force, and Navy at the Army headquarters in San Borja, southern Lima.

The mobilization of troops was described as "preventive" by a military source that was consulted, adding the objectives were "to defend the national sovereignty" in view of reports of military movements on the other side of the border.

An atmosphere of calmness prevailed in Tumbes, the city closest to Ecuador, correspondents told radio stations in Lima.

The attack was described by the Foreign Ministry as a "sly act of aggression" that demonstrates "the belligerent and aggressive attitude of Ecuador," as well as "contradicts its alleged peaceful positions."

Military, Police Remain in Barracks

PY2701075295 Lima Radio Programas del Peru Network in Spanish 0733 GMT 27 Jan 95

[FBIS Translated Text] The Defense Ministry early this morning ordered that all members of the Peruvian National Police and Armed Forces stay in barracks [orden de inamovilidad] nationwide. The order was announced by senior military officers during a special meeting of the National Defense Council chaired by President Alberto Fujimori.

'Normal' Situation Reported

PY2701162395 Buenos Aires NOTICIAS ARGENTINAS in Spanish 1418 GMT 27 Jan 95

[FBIS Translated Text] Tumbes, Peru, 28 Jan [date as received] (AFP-NA)—The 1st Infantry Division based in Tumbes has reported that civilian and commercial activity on Friday was "completely normal" in the Peruvian-Ecuadoran border towns, despite the military tension that occurred on Thursday in Peruvian territory.

Passenger and cargo traffic through the international bridge that links the towns of Aguas Verdea, in Peru, and Huaquillas, in Ecuador is completely normal, according to reports received from these towns.

Before dawn today some local residents who were still on the streets of Tumbes, located 1,200 km from Lima, cheered and applauded the tanks and trucks carrying Army troops that were mobilized to the Aguas Verdes military garrisons.

Other patrols will reinforce the Condor Mountain Range area, an Amazon region shared by the two countries which encompasses 78 km along a border line that needs to be demarcated with the placement of landmarks. This area has been the site of constant clashes in the last few years. According to official Peruvian sources on Thursday at midnight, a Peruvian Army post was bombed.

A military source that has been consulted stated that the mobilization of troops is considered a "preventive" measure with the objective "of defending national sovereignty."

Border Traffic 'Normal'

PY2701170695 Lima Radio Programas del Peru Network in Spanish 1637 GMT 27 Jan 95

[FBIS Translated Text] Tumbes Deputy Prefect Diego Ruedas has reported that passenger and vehicle traffic between Peru and Ecuador is completely normal. He added that commercial and public administration activities in Tumbes are completely normal.

In addition, Ruedas said that Armed Forces and police troops have been placed on alert.

'Unusual Deployment' of Troops Departs

PY2701172395 Lima Radio Programas del Peru Network in Spanish 1647 GMT 27 Jan 95

[Report by Walter Samuel Neira from the Lima airport—live]

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

[FBIS Translated Text] A commercial plane carrying an Armed Forces contingent has just departed for Tumbes. The plane lifted off from the Air Force 8th Group.

The plane, with license number OB-1548, is transporting about 100 soldiers. It seems that this is a Navy troops contingent.

According to a military source, this unusual deployment of troops will continue throughout the next few hours at the Air Force 8th Group.

[Announcer] Would you please confirm that this was a commercial plane?

[Neira] Yes, indeed. This was a national commercial airline.

[Announcer] Any additional information?

[Neira] No, we will keep in constant contact.

Venezuela

Issuance of Monetary Bonds Scheduled for 27 Jan

PA2701061295 Caracas Venezolana de Television Network in Spanish 0200 GMT 27 Jan 95

[Report by Zayda Pereira; from "The News" newscast]

[FBIS Translated Text] The first issuance of monetary stabilization bonds for 55 billion bolivares has been scheduled for 27 January. The bonds will have the same maturity as the zero-coupon bonds.

The Central Bank of Venezuela [BCV] will be offering monetary stabilization bonds, which will replace the zero-coupon bonds.

Domingo Maza Zavala, director of the BCV, has said the bonds will have the advantage of having a fixed interest rate. According to him, this is an important signal, because the bonds will not discourage savings and will allow the financial sector to strengthen itself by gaining liquidity, allowing the public to purchase them:

[Begin BCV Director Domingo Maza recording] We can offer them for the time being until something more stable can be offered. These bonds issued by the BCV will soon be made available to the financial sector. [end recording]

The system of determining interest rates will soon be established, as the zero-coupon bonds will no longer exist. Maza Zavala has said interest rates should gradually be reduced.

Mexico Said Considering Granting Tariff Preferences

PA2701093595 Caracas EL UNIVERSAL in Spanish 22 Jan 95 p 1-12

[FBIS Translated Text] The Mexican Government is reportedly willing to grant a higher percentage of tariff preferences to Venezuela, because it realizes there could be differences among their exports once the agreement of the Group of Three (G-3) is implemented.

This preventive measure was revealed by Juan Manuel Nungaray, commercial attache of the Mexican Embassy in Venezuela, who has said the G-3 must be seen as a long-term project, constituted as a joint trilateral plan in which the derived benefits will also be trilateral.

"The G-3 is not only a trade agreement but a project toward integration, which includes intellectual property, services, and the market opening of the three countries," Nungaray has said when consulted on the possible adoption of safeguards by the Colombian Government due to the large amount of Mexican products that flooded the market after the devaluation of the peso.

He has said in this regard Mexico is aware of the balance existing vis-a-vis the opening of the Colombian and Venezuelan markets. Establishing preferential import duties favorable to Colombia and Venezuela of approximately 28 percent would guarantee the direct and opportune access of products from those countries to the Mexican market.

"There is no reason for concern regarding the G-3, because it is a long-term project where the opening of the markets cannot be achieved overnight, because we are seeking a 12-year gradual adjustment plan consisting of gradual adjustment mechanisms that will benefit the three countries," Nungaray has said.

Nungaray also had the opportunity to say the emergency economic program adopted by the administration of Ernesto Zedillo "is not compromising Mexico's sovereignty, economic policy, nor is it selling Mexico's oil, as claimed by certain media, nor some strategic sectors such as electricity supply, because a long-term package favorable to Mexico is what is being negotiated."

In addition, Nungaray has said the four most important political parties in Mexico that are represented in the Congress, the National Action Party (PAN), the Institutional Revolutionary Party (PRI), the Party of the Democratic Revolution (PRD), and the Labor Party, have just reached an agreement to achieve a definitive political reform, to develop a clear-cut election process that will convince everyone and end all doubts and hatred.

This report may contain copyrighted material. Copying and dissemination is prohibited without permission of the copyright owners.

BULK RATE
U.S. POSTAGE
PAID
PERMIT NO. 352
MERRIFIELD, VA.

This is a U.S. Government publication. Its contents in no way represent the policies, views, or attitudes of the U.S. Government. Users of this publication may cite FBIS or JPRS provided they do so in a manner clearly identifying them as the secondary source.

Foreign Broadcast Information Service (FBIS) and Joint Publications Research Service (JPRS) publications contain political, military, economic, environmental, and sociological news, commentary, and other information, as well as scientific and technical data and reports. All information has been obtained from foreign radio and television broadcasts, news agency transmissions, newspapers, books, and periodicals. Items generally are processed from the first or best available sources. It should not be inferred that they have been disseminated only in the medium, in the language, or to the area indicated. Items from foreign language sources are translated; those from English-language sources are transcribed. Except for excluding certain diacritics, FBIS renders personal names and place-names in accordance with the romanization systems approved for U.S. Government publications by the U.S. Board of Geographic Names.

Headlines, editorial reports, and material enclosed in brackets [ ] are supplied by FBIS/JPRS. Processing indicators such as [Text] or [Excerpts] in the first line of each item indicate how the information was processed from the original. Unfamiliar names rendered phonetically are enclosed in parentheses. Words or names preceded by a question mark and enclosed in parentheses were not clear from the original source but have been supplied as appropriate to the context. Other unattributed parenthetical notes within the body of an item originate with the source. Times within items are as given by the source. Passages in boldface or italics are as published.

SUBSCRIPTION/PROCUREMENT INFORMATION

The FBIS DAILY REPORT contains current news and information and is published Monday through Friday in eight volumes: China, East Europe, Central Eurasia, East Asia, Near East & South Asia, Sub-Saharan Africa, Latin America, and West Europe. Supplements to the DAILY REPORTs may also be available periodically and will be distributed to regular DAILY REPORT subscribers. JPRS publications, which include approximately 50 regional, worldwide, and topical reports, generally contain less time-sensitive information and are published periodically.

Current DAILY REPORTs and JPRS publications are listed in *Government Reports Announcements* issued semimonthly by the National Technical Information Service (NTIS), 5285 Port Royal Road, Springfield, Virginia 22161 and the *Monthly Catalog of U.S. Government Publications* issued by the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.

The public may subscribe to either hardcover or microfiche versions of the DAILY REPORTs and JPRS publications through NTIS at the above address or by calling (703) 487-4630. Subscription rates will be provided by NTIS upon request. Subscriptions are available outside the United States from NTIS or appointed foreign dealers. New subscribers should expect a 30-day delay in receipt of the first issue.

U.S. Government offices may obtain subscriptions to the DAILY REPORTs or JPRS publications (hardcover or microfiche) at no charge through their sponsoring organizations. For additional information or assistance, call FBIS, (202) 338-6735,or write to P.O. Box 2604, Washington, D.C. 20013. Department of Defense consumers are required to submit requests through appropriate command validation channels to DIA, RTS-2C, Washington, D.C. 20301. (Telephone: (202) 373-3771, Autovon: 243-3771.)

Back issues or single copies of the DAILY REPORTs and JPRS publications are not available. Both the DAILY REPORTs and the JPRS publications are on file for public reference at the Library of Congress and at many Federal Depository Libraries. Reference copies may also be seen at many public and university libraries throughout the United States.